Ontario Racing Commission

56th Annual & Statistical Report

2005 - 2006

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Ontario
Racing
Commission

Commission
des courses
de l'Ontario

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July 2006

The Honourable Gerry Phillips
Minister of Government Services
Parliament Buildings
Queen's Park
Toronto, Ontario

Dear Mr. Minister:

We are pleased to submit to you the Annual Report of the Ontario Racing Commission for the period ending March 31, 2006, pursuant to Section 15 (1) of the Racing Commission Act, 2000.

Yours sincerely,

Lynda Tanaka
Chair

Bernard Brennan, D.V.M., Member
Jane Garthson, Member
David Gorman, Member
George S. Kelly, Member
Brenda Walker, Member

Photography: David Landry

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MESSAGE FROM THE CHAIR

"Good things are happening in Racing"

I am pleased to provide this overview of the Commission's fiscal year, as well as share some reflections on the status of our industry.

In 2005-2006, the Commission focused on fulfilling its responsibilities as a modern regulator with the statutory mandate to protect the public and its role in facilitating economic growth in the industry. The Commission achieved the goals of the final year of the 2003-2006 Strategic Plan and also assumed major responsibilities important to the industry as a whole, not contemplated at the time of that Strategic Plan. The year was replete with accomplishments on which the Commission can build for a significant period of time.

At the end of March 2005, we were preparing to assume the administrative responsibilities for the Horse Improvement Program (HIP). This includes the Ontario Sires Stakes program and significant support for thoroughbred stakes races and breeders. The Ontario Horse Racing Industry Association (OHRIA), which had administered the program since the mid-1990's under the supervision of the Commission, decided that this program administration no longer fit into its business plan.

The Commission added the three OHRIA program administration staff to its employees and integrated the program into operations. Given the size of the program, the new responsibility has required significant Commission resources, both senior management and Governing Board, to fully implement the HIP activities that the industry had set out for the 2005 racing season. With this experience, and in consultation with the industry, the Commission staff and Board will undertake a full assessment of HIP in the coming year.

In September 2005, the government released the report by former Chair Stanley Sadinsky entitled "Review of the Problem Gambling and Responsible Gaming Strategy of the Government of Ontario". The government's problem gambling initiatives are accessible and relevant to the industry and its patrons, and are funded in part from the slot machine revenue from racetrack operations. The 72 recommendations in the Report include recommendations relevant to horse racing.

In October 2005, Larry Todd completed his three-year term as Vice Chair of the Commission. We all miss his input and support at the Commission, inspired as it always was by his dedication to the industry and his love of racing. His departure, however, meant that the responsibilities for chairing prehearing conferences as well as chairing hearings had to be assumed by the other Commissioners. I am grateful to all the Commissioners for their willingness to assume the new responsibilities, to undergo additional training in procedural, decision writing and note taking skills, thereby enabling them to continue to serve the industry and the people of Ontario with distinction.

In May 2005, Dr. Bernard Brennan, and in February 2006, Brenda Walker, were reappointed to the Commission for a further three-year term. I value their knowledge and experience, as well as their good judgement on hearings and industry issues, and I know the Commission and the industry will benefit from their continued participation as Commissioners.

In March 2006, the new slot facility opened at Ajax (formerly Picov) Downs quarter horse racetrack. The siteholder agreement for the slots provided for a new role for the Commission in the planning and administration of the horsemen's share of the slot revenue. The Commission staff has worked with the quarter horse racing industry to develop a program for 2006 racing. The Governing Board has approved the purse structure and breeders award program to take advantage of the financial benefits of the slot program. In 2006-2007, the Commission will be working with the industry and the public on a long-term plan for the development of a vigorous, prosperous quarter horse racing industry in Ontario, including new racing facilities.

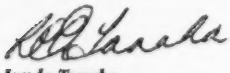
Ontario has remained active on the Board of the Association of Racing Commissioners International, Inc. ("RCI"). As one of the largest handle jurisdictions in North America, Ontario is entitled to a board membership. I chaired the By-laws Committee, which has been active ensuring that the merger of RCI and the North American Pari-Mutuel Regulators Association is reflected in the by-laws. In addition, I chaired a panel discussion at the annual meeting in late March 2006. Racing is an international industry and it is important that Ontario is well represented in the international institutions associated with the industry.

In addition, in April 2005 I was awarded the Joan F. Pew Award by RCI for my work. This is a great honour bestowed in memory of the first woman president of RCI, someone known for her courage, dedication, vitality and vision in carrying out her responsibilities as a commissioner. I have since been honoured by a request that I serve as Vice Chair of the Board responsible for future awards.

To a large extent, 2005-2006 was a year of building foundations for the future and to ensure that the Commission is properly resourced and staffed to fulfill its mandate. But I would like to share an experience that typifies the hope and future for the industry in Ontario.

I had occasion to visit a small, well run track in rural Ontario. The crowds were large and included many families with young children. As these children played and watched the horses, it was clear to me that racing was a family affair. When I commented to a local official on this uplifting image, he replied, "good things are happening in racing."

The industry, and the Commission, has changed in response to the market place. We must continue to do so to protect the public and industry participants. And let us be encouraged and motivated to improve our product and carry out our responsibilities with a confident spirit that good things are happening in racing.



Lynda Tanaka

MESSAGE FROM THE EXECUTIVE DIRECTOR

"We all need to contribute to increasing stakeholder value"

In the Winter edition of the ORC newsletter, I wrote that there is one thing constant in life – and in particular the racing industry – it is that things never stay the same and that change is inevitable. The end of this fiscal year coincided with two examples of that dramatic reality – a move to a new head office for the ORC, and a significant reduction in our budget for the next fiscal year.

Our move to new and larger premises certainly represents a positive change. We are now located in a more accessible location, with increased space that will allow us to better serve the racing community. Compared to our previous location, the move to these new premises will result in a cost savings – a timely fact in light of the ORC budget constraint.

At the end of March, in response to the declining circumstances of the industry, the Board of the ORC made the difficult but prudent decision to approve a significantly reduced budget for its next year of operations. The need to proactively fulfill its regulatory mandate has not changed.

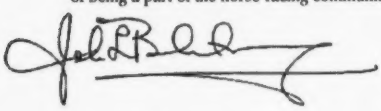
One challenge lies in finding cooperative and improved ways to grow and expand the racing industry. We must continually look for ways to improve and innovate, which means we need to find better ways of working together. Although the businesses of racetracks, breeding and training of racing horses are different, meeting our challenges is in the recognition of our compatibilities.

All the various racing groups and associations – including the ORC – must establish good communication and continued dialogue, and recognize that there is greater value in building on opportunities found in our similar interests, rather than our individual interests.

An example of that dialogue has been the industry's efforts on how to hold and maintain the trust and confidence of the public and stakeholder investment. I am pleased there is general agreement that medication control measures are essential in order to maintain the health and well-being of the horse, the integrity of the industry, and the public confidence. This is an achievable goal, as the racing industry in Ontario is one of the most open, closely monitored, and regulated sports in the country.

The ORC recognizes that by far the majority of those licensed in the racing industry conducts their business and cares for the horse with professionalism and abides by the rules. We also recognize that this industry is more than just rules and regulations.

We, as the regulator, are just one part of an industry rich in history and tradition. There are individuals, families, associations and companies. Looking to the future, we accept that our responsibility is to contribute to increasing "the value" of the horse racing experience. In fact, I believe we all need to contribute to increasing stakeholder value –whether that be financial or the experience of being a part of the horse racing community.



John L. Blakney

MEMBERS OF THE GOVERNING BOARD

LYNDA TANAKA, *Toronto* — **Appointed Chair of the Commission in 2003**

Having been appointed to a three-year term as Vice-Chair in 1995, Mrs. Tanaka returned to the position of Chair in August 2003. Mrs. Tanaka practiced law in Toronto for over 30 years during which her Practice focused primarily on administrative law related to property issues. She is a Chartered Arbitrator so recognized by the ADR Institute of Canada Inc. and a Fellow of the Chartered Institute of Arbitrators. Mrs. Tanaka is active in the Ontario Bar Association and has sat on the boards of the Advocates' Society, the Ontario Expropriation Association and the Women's Law Association of Ontario. Mrs. Tanaka's current appointment expires on October 31, 2006.

BERNARD F. BRENNAN, D.V.M., *Kemptville* — **Appointed 2002**

Born in Deseronto, near Napanee in 1927, Dr. Brennan graduated from the Ontario Veterinary College in 1951. A successful football player, Dr. Brennan was named Canadian Football League's Rookie of the Year in 1946 and played for the Ottawa Rough Riders, contributing to their 1951 Grey Cup Championship. Serving for eight years as the track veterinarian at Rideau Carleton Raceway when it first opened, Dr. Brennan eventually left the racetrack to concentrate more on his veterinary practice. As co-owner of Alta Vista Animal Hospital in Ottawa for over 40 years, Dr. Brennan employed a staff of over 15 full-time veterinarians. More recently Dr. Brennan served a three-year term at the Trillium Foundation, the Ontario government body charged with dispensing grants to charitable organizations. Dr. Brennan has been an owner and trainer of standardbred horses for over 30 years, including part ownership in the great Cam Fella. His current appointment expires on May 28, 2008.

JANE GARTHSON, *Toronto* — **Appointed 2004**

Jane Garthson is the owner and principal consultant for Mills Garthson & Associates, specializing in governance and ethics for non profits and government. Prior to entering the private sector, Ms. Garthson worked in various provincial ministries, including liaising with the Ontario Lottery Corporation while at the Ministry of Tourism and Recreation and leading financial management and planning at Management Board Secretariat. As Executive Director, Ms. Garthson was a lead player in the successful turn-around of the Ontario Equestrian Federation in the late 90's. Born in Brampton, Ms. Garthson grew up surrounded by horses and has volunteered in therapeutic riding since 1988, including as Treasurer of the Canadian Therapeutic Riding Association. Ms. Garthson part-boards a quarter horse. Her current appointment expires on April 28, 2007.

DAVID GORMAN, *Mississauga* — **Appointed 2004**

David Gorman is a well-known and well-respected racing executive with over 45 years of experience in the industry. Mr. Gorman began his extensive career working for the summer at Connaught Park Raceway (now Hippodrome D'Aylmer). After nine years in the public relations area working for Metropolitan Life, one of the world's larger life insurance companies, Mr. Gorman served as the Executive Director of Racetracks of Canada working with regulatory agencies to improve the environment for horse racing across the country. In 1982, Mr. Gorman joined The Ontario Jockey Club (now Woodbine Entertainment Group), where he served in a series of senior management positions, which included managing Fort Erie Racetrack, overseeing thoroughbred racing operations and managing the 1996 Breeders' Cup event at Woodbine. After 20 years at Woodbine, Mr. Gorman retired in early 2003. His current appointment expires on April 28, 2007.

GEORGE KELLY, *Mississauga* — **Appointed 2004**

George Kelly brings a wealth of horse racing and business expertise to his position at the ORC. Since its inception in 1995, Mr. Kelly served as Assistant Director to the Ontario Horse Racing Industry Association (OHRIA) and was responsible for program management and delivery of the horse racing industry's $50 million Horse Improvement Program. Mr. Kelly has developed a comprehensive understanding of the dynamics of the horse racing industry through his work developing industry position papers and business plans and overseeing analysis of the industry at large and its relationship to other forms of gaming. Prior to joining OHRIA, Mr. Kelly managed his own management consulting firm. For over twenty years, Mr. Kelly had worked for the Liquor Control Board of Ontario, completing his time there as Vice President of Information Services. Mr. Kelly retired from OHRIA on December 31, 2003. His current appointment expires on April 28, 2007.

BRENDA WALKER, *Owen Sound* — **Appointed 2003**

Born in Brampton, Ontario, Mrs. Walker followed a love of horses into the Standardbred Industry. Along with her husband Paul, Mrs. Walker has been involved in the industry for 30 years. From 1994- 2003, Mrs. Walker served as a Director of the Ontario Harness Horse Association (OHHA) for District 9, responsible for Hanover and Clinton Raceways. During that time she also served a number of years as a member of the Executive. In her capacity at OHHA, Mrs. Walker was heavily involved in the Ontario Sires Stakes Program and the Horse Improvement Program, serving on the OSS Publicity and Promotion Committee, the Standardbred Review Committee and the OSS Date Scheduling Committee. As part of OHHA, Mrs. Walker also was involved with the Lasix Committee, with a mandate to encourage the expansion of the Lasix program to all Ontario racetracks. Her current appointment expires on February 2, 2009.

ORC AT A GLANCE

The Ontario Racing Commission (ORC) is the Crown Agency responsible for regulating the horse racing industry in Ontario. Reporting to the Ministry of Government Services, the Commission assists the Ministry in fulfilling its responsibilities in ensuring public confidence and social controls in the gaming sector through its regulatory oversight of the horse racing industry.

In December 2000, the ORC was converted into a self-financing regulatory agency with a Governing Board. This change in structure, established by the Racing Commission Act, 2000, confirmed the Commission's status as an independent decision making body responsible for ensuring that the industry operates with honesty and integrity and that the significant economic benefits provided to the Provincial economy and rural areas of the province are protected.

The Commission is accountable to government through a number of mechanisms, including a yearly audit conducted by the Auditor General of Ontario. The Board meets on a monthly basis to conduct the affairs of the corporation and deal with corporate governance issues. In addition, Commission members continue to be appointed by the Lieutenant Governor in Council.

MANDATE

The Ontario Racing Commission acts in the public interest to govern, direct, control and regulate the horse racing industry in Ontario and to ensure public confidence in the honesty and integrity of the industry. The role and authorities of the Commission are established by the **Racing Commission Act, 2000** (Statutes of Ontario 2000, c.20) and its regulations.

The Commission's prime goal is to maintain the integrity of the sport through the broad regulatory powers available under the Racing Commission Act, 2000. Some of these powers include the authority to make and enforce rules, license participants in the industry such as jockeys, trainers, owners and racetracks and hold hearings related to these matters.

Through its regulatory initiatives, the Commission minimizes risks to the public interest and strives to maintain public confidence in the integrity of the horse racing industry. These measures assist the industry in reaching its full economic potential in Ontario.

The Commission also plays an active role in developing business standards for the racing industry and protecting the health and safety of the horse.

ORC Head Office

Core Business Functions

The Commission will continue to devote resources to meeting the core business functions which support its regulatory and legislated mandate. These are:

1. Officiate at all races

The Commission provides three officials (judges or stewards) to supervise races conducted at Ontario's 18 licensed racetracks. These officials are responsible for the enforcement of the Rules of Racing. Officials conduct investigations into alleged rule violations, fine/suspend licensees for violations and conduct hearings on regulatory matters as required.

2. Compliance

This function, performed by investigators and/or compliance officers, includes:

- Administration of the human drug-testing and breathalyzer program;
- Searches for prohibited items (drugs/syringes);
- Enforcement of racetrack security standards.

3. Investigations

The Commission employs civilian investigators and seconds police officers from the Illegal Gambling Unit of the Investigation Bureau of the Ontario Provincial Police. Key functions of the ORC's Investigations Unit include:

- Investigations of the more serious racing violations such as fraud and hidden ownerships;
- Due diligence investigations on licence applicants or licensees;
- Investigations into illegal gambling activities;
- Investigations of horse abuse, race fixing or other racing and rule infractions, as well as investigating horse deaths;
- Monitoring and enforcing equine medication control programs;
- Liaison between the Commission, the police community and other civilian regulatory bodies in and out of Ontario;
- Enforcement of Judges/Stewards' and Commission orders and rulings.

4. Licensing

The Ontario Racing Commission issues over 30,000 licences to individuals and businesses involved in the horse racing industry. A large part of the licensing function is performed at each track facility and licensing agents are available during live racing for more effective client service. The licensing process includes applications from new racetrack owners, teletheatre locations and individuals involved in the industry (i.e. grooms, trainers, etc.).

The ORC envisions:

- A strong horse racing industry guided by principles of honesty, integrity and social responsibility; and

- A climate where customers and participants can invest and conduct their horse racing activities with trust and confidence.

ORC Mission Statement

To govern horse racing in a manner that:

- Promotes high standards of honesty, integrity, business practices and accountability;
- Protects and enhances the broader public interest;
- Protects the health and enhances the safety of the horse;
- Encourages industry dialogue at all levels; and
- Encourages industry sustainability through effective policy, regulation and program delivery.

5. Adjudication

The Commission hears appeals of rulings made by Judges and Stewards under the Rules of Racing and of the Director under the Rules and the Racing Commission Act, 2000. Appeals on minor matters may also be heard by an Industry Appeal Board, which is more accessible to licensees, less formal and less costly.

6. Regulation of Racetracks

In the public interest, the Commission Administration annually licenses racetracks and reviews racetrack business plans, backstretch improvement and fire safety plans and health and safety improvements as part of this process. In addition, the Commission currently holds public hearings on any proposed new racetrack facilities and/or relocations of existing racetrack facilities.

7. Public Hearings

The Commission conducts public hearings as a means of dealing with administrative issues or as a means of obtaining public input into programs or policies affecting the industry.

In addition, the Commission has sole jurisdiction and discretion in granting race dates in the province and may consider applications in a public hearing in order to consider the views of other tracks, horsepeople and members of the public. The Commission also reviews business plans put forward by the individual racetracks prior to approving race dates.

8. Industry Support

In the complex environment of horse racing, the Commission is committed to using its resources to provide support to the industry where issues arise that have regulatory implications. The organization also supports the industry through its responsibilities for program development, oversight and program administration.

a) Industry Planning: In response to issues raised by the industry, the Commission provides support to the industry through integrated planning efforts, facilitation and program development.

b) Program Delivery: The ORC oversees and administers industry programs where the Province of Ontario has invested public money in the industry.

Horse Improvement Program: The Horse Improvement Program (HIP) is a racing and breeding incentive program that was established in 1974. The program plays a direct role in increasing employment in the racing industry, helping Ontario farms remain economically stable and encouraging ownership in Ontario-sired horses. The Commission assumed responsibility for the management and administration of HIP in 2005.

Quarter Horse Racing Industry Development Program: Through an agreement between the Ontario Lottery and Gaming Corporation and owners of the Ajax Downs Racetrack, the Commission assumed responsibility for the planning, development and administration of funds from the industry slot revenue generated at the track. The Commission determined that an industry wide plan was required to ensure the broadest impact to create economic benefit for the Ontario economy. Revenue to the program began in March 2005 with the opening of the slot facility at Ajax Downs.

CORPORATE STRUCTURE

The proclamation of the Racing Commission Act, 2000 achieved two key objectives, which were:

1. to strengthen and modernize the ORC's regulatory framework, and
2. to establish the ORC as a self-financing body.

The new act also clearly distinguishes the roles and responsibilities of the Administration (headed by the Executive Director of the Commission) from those of the Governing Board. The Board has overall corporate governance responsibilities as well as adjudicative duties while the Administration has enforcement and administrative responsibilities.

GOVERNING BOARD

The Ontario Racing Commission is headed by a Governing Board that consists of not fewer than three and not more than seven members appointed by the Lieutenant Governor in Council. Members may hold office for a term of not more than three years but may be reappointed. A majority of the members of the Commission constitutes a quorum for a meeting of the Commission.

The Governing Board is responsible for:

- carrying out its responsibilities, within the limits of its jurisdiction, responsibly, fairly and in a manner consistent with relevant law and the public interest;
- informing and advising the Minister, through its Chair, of matters of an urgent, critical or relevant nature that are likely to require action by the Commission or Minister to ensure the administration of the act is carried out properly;
- providing high quality service to the public in performing its responsibilities;
- establishing guidelines governing the exercise of any of the powers and duties under the act;
- submitting an annual report to the Minister on the activities and affairs of the Commission;
- recommending, for the Minister's consideration, matters that require statutory or regulatory amendment;
- constituting, at the direction of the Chair, a panel to conduct any hearing required under legislation administered by the Commission;
- releasing expeditious, high quality decisions after the panel's hearing;
- establishing fees or other charges and providing for refunds for the purposes of the act, the Regulations and the Rules of Racing;
- ensuring that the assets of the Commission and any public funds are used with probity;
- hiring the Executive Director for the Commission;
- conducting the affairs of the Commission; and
- approving operational and financial budgets and policies to govern its activities.

ADMINISTRATION

Headed by the Executive Director and CEO, the Administration is responsible for enforcement and administrative functions in carrying out the mandate of the Commission.

EXECUTIVE DIRECTOR

The Executive Director is responsible for:

- managing the day-to-day operations of the organization in accordance with accepted business and financial practices;
- developing and applying policies so that Commission funds are used with integrity and honesty;
- establishing and applying a financial management framework to support decision-making and preparing financial reports for approval by the Governing Board;
- supporting the Chair and the Governing Board in meeting their responsibilities;
- carrying out the policies and procedures as approved by the Chair and the Governing Board;
- preparing an annual report for the Commission, as directed by the Governing Board;
- preparing a business plan for the organization, as directed by the Governing Board; and
- establishing and maintaining, for approval by the Board, a performance review system for staff.

External Stakeholders

Industry

- Wagering Public
- All racetracks
- Ontario Horse Racing Industry Association
- Ontario Harness Horse Association
- National Capital Region Horsemen's Association of Ontario
- Northern Horsemen's Association of Ontario
- Horsemen's Benevolent and Protective Association of Ontario
- Quarter Racing Owners of Ontario Inc.
- Jockey's Benefit Association
- Jockey Club of Canada
- Standardbred Canada
- Canadian Thoroughbred Horse Society
- Standardbred Breeders and Owners Association (SBOA)
- Ontario College of Veterinarians
- Ontario Association of Equine Practitioners
- Equine Guelph
- Ontario Society for the Prevention of Cruelty to Animals

Internal Stakeholders

Government

- Canadian Pari-Mutuel Agency
- Ontario Provincial Police
- Alcohol and Gaming Commission of Ontario
- Ontario Lottery and Gaming Corporation

The Executive Director is also the Director appointed under the Act and has express legislative authority to exercise certain powers. Specifically, he/she is empowered to license and conduct investigations of persons seeking to be racetrack owners and horse people (drivers, jockeys, grooms, owners, trainers, etc.) and to register colours, assumed names, partnerships and contracts relating to horse racing. He/she may appoint one or more Deputy Directors and may delegate powers to them subject to any conditions set out in the delegation. He/she reports to the Governing Board of the ORC.

Director of Racing

The Director of Racing is responsible for the enforcement of the Rules of Racing for all breeds. This position combines expertise in horse racing and regulation. The Director is responsible for all field staff including Judges, Stewards, Licensing Agents and Veterinarians. Most of the assignments to the Investigations Unit are generated through this position.

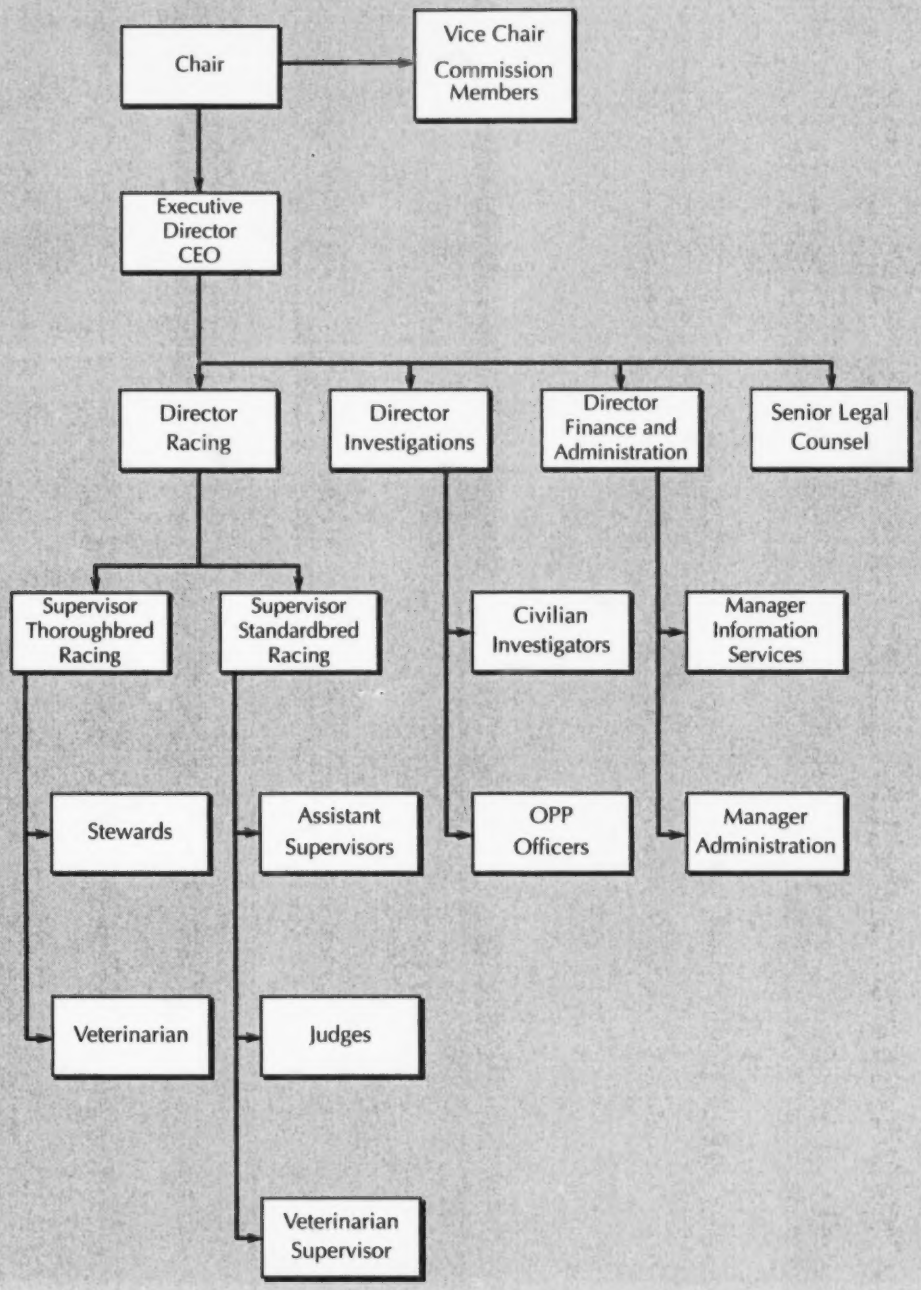
Director of Finance and Administration

This position acts as the Chief Financial Officer for the Commission and as secretary to the Board. The act establishes the Commission as a self-financing agency and the Director is responsible for ensuring that the Commission's revenues collected from fees, fines and levies are sufficient to cover its expenditures. The accounts of the Commission are audited annually by the Office of the Auditor General.

Director of Investigations

The Director of Investigations is responsible for the Investigations Unit of the Ontario Racing Commission, which is comprised of civilian investigators and officers seconded from the Ontario Provincial Police. The Unit conducts all criminal, regulatory and due diligence investigations undertaken by the Ontario Racing Commission. This position combines investigative and regulatory expertise in its application of the Racing Commission Act, 2000 and the Standardbred and Thoroughbred Rules of Racing. The Director of Investigations also takes a lead role and provides investigative excellence in investigations undertaken by the Director under Section 18(1) of the act. The Director is responsible for monitoring the working agreement between the OPP and the ORC that has been in place since 1976.

ORGANIZATIONAL STRUCTURE



LIST OF STAFF

AS OF MARCH 31, 2006

Executive Director and CEO
John L. Blakney

Senior Legal Counsel
Maureen Harquail

Director of Racing
Terry Stone

Director of Finance and Administration
Greg Fernandes

Director of Investigations
Rob McKinney

Supervisor of Thoroughbred Racing
Ed Hall

Supervisor of Standardbred Racing
Bill Fines

Assistant Supervisors of Standardbred Racing
Bill Hicks
Brent Stone

Supervisor, Commission Standardbred Veterinarians
Bruce Duncan, D.V.M.

Manager, Information Services
Wendy Hoogereen

Information Systems Coordinator
Alex Rappos

Technical Coordinator
Krysta Logozzo

Manager, Administration
Rob Roy

Training and Development Coordinator
Diane Simpson

Facilities Officer
Paul MacDonald

Executive Assistant
Jacinth Chang Alloy

Legal Secretary
Darla Wright

Secretary and Receptionist
Dolores Melo-Cordeiro

Personnel and Accounting Coordinator
Teresa Iwanciw

Administrative Assistant
Margo Bush

Purchasing and Licensing Clerks
Diane Lefebvre
Allyson Mason

Licensing and Filing Clerks
Barbara MacKinnon
Kathy Dunphy

Administrator, Horse Improvement Program
Leslie Campbell

Ontario Sires Stakes Administrative Coordinator
Karen Hauver

Publicity and Promotion Coordinator
Leslie Waddell

STANDARDBRED JUDGES

M. Brown
J. Campbell
J. Carrs
P. Cass
A. Caughey
W. Coke
B. Davies
P. Dyson
C. Fraleigh
L. Geisel
P. Gillies
D. Gurney
J. Harper
P. Harrison
D. Hopkins
L. Hughes
G. Keays
D. Lawrence
W. Maertens
N. McCoag
R. McKay
T. Miller
J. Minler
J. Murphy
R. Myers
W. Pennington
T. Provost
D. Raymond
R. Rier
J. Rouse
J. Thatcher
C. Walker
P. Webb
M. Weber
M. Wilson

THROUGHBRED STEWARDS

G. Lindberg
W. McMahon
R. Grubb
R. Fernandes
I. McHutchion
L. Phelan
I. Wright

INVESTIGATIONS UNIT

C. Beirnes
P. Bray
D. Caesar
C. Coleiro
L. Easterbrook
M. Elchyshyn
R. Grant
D. Griffis
J. Locke
R. Malinauskas
J. McEachern
T. Moffatt
R. Pellarin
S. Schandlen
C. Stewart

FIELD STAFF STANDARDBRED

G. Balwar
K. Fleming
A. Kujanen
L. Lancaster
K. McFadden
J. McKenna
L. Moffatt
M. Nickle
C. Scott
A. Wilson

FIELD STAFF THROUGHBRED

R. Arsenault
S. Beauchamp
V. James
P. Miskow
E. Powell
T. Roach
G. Taylor, D.V.M.
M. Taylor
T. Weir

OPERATIONAL PERFORMANCE

KEY ACHIEVEMENTS

LEGAL

RACING

INVESTIGATIONS

KEY ACHIEVEMENTS 2005/2006

For the 2005/06 fiscal years, the Commission focused its activities on the initiatives identified in its Strategic Plan. Staff training programs, information technology improvements and stakeholder communications were all emphasized. In addition, the Commission achieved the following results:

1. Proactive Regulatory Initiatives

The ORC initiated working sessions towards regulation reform and the development of measurements of performance and more transparent reporting from racetracks. Working sessions held with the industry are ongoing and require more focus on regulatory matters. Resource information was issued to assist Standardbred Trainers.

2. Strategic Planning

As part of its ongoing planning activities, the Commission updated its Strategic Plan and created new goals and objectives for the period 2006 to 2009. This Strategic Plan was built based on an inclusive process that:

- brought together horse people, breeders, racetrack owners and management, representatives of the wagering public, and members of the ORC staff and Board of the Commission,
- involved an analysis of trends and the current situation, based on results, obtained through an electronic questionnaire, public forums held in London and Toronto, and interviews held with key individuals, members of the ORC staff and Board of the Commission, and
- included a planning session among members of the ORC staff and Board of the Commission where the results of the survey, interviews and public forums were fully discussed and considered.

The benefit of this approach was:

- a better understanding of the current industry situation,
- a foundation for change and moving forward, and
- a revised vision and mission statement, and new goals and objectives for a revised vision and mission statement, and new goals and objectives for the ORC for the period 2006 to 2009.

A report on the planning activities was released to the industry in March 2006.

3. External Communications

In January of 2006, the services of a consultant were used to assist the Commission in a variety of communications and public relations activities. These included strategic counsel, writing assignments, and media training for senior staff.

Integrity Matters, a newsletter providing information on regulatory matters to the general public and Ontario Racing Commission clients, was issued in March 2006.

4. Information Technology Initiatives

To enhance communications within the industry and to the general public, the ORC continued to invest in improvements to the physical infrastructure and communication channels at its many locations across the province. Key projects and milestones included:

- **ORC Web Site**

Since its launch in March 2005, the public web site has been well received by the industry and general public. Most popular pages visited include Approved Race Dates, Press Releases, Forms and Contact Information. The site ranked favourably on key search engines. For example, Google ranked the ORC web site Number One in searches for "Ontario horse racing, regulation." A French language version of the site was also made available in 2005.

- **Commission Racing Information System (CRIS)**

CRIS was successfully developed for Thoroughbred rulings. It has been expanded to include "portal technology," which provides a platform for all ORC staff to access information, regardless of location. This expansion has resulted in strengthened security of ORC information and enhanced staff productivity.

- **Disaster Recovery Plan**

To protect its investment in technology, a risk analysis was undertaken and a Disaster Recovery Plan developed. An ongoing methodology has been established to ensure that ORC controlled systems are maintained at a high level of efficiency and safeguarded from external threats and events.

5. Effective and Transparent Enforcement

The ORC executed Memorandums of Understanding with the Alcohol and Gaming Commission of Ontario and Horse Racing Regulator in British Columbia to reduce duplication in the due diligence process.

6. Administration

The ORC Head Office was relocated to 10 Carlson Court in Toronto to reduce overhead and be more convenient to stakeholders. The new location is within a hub of 5 major highways.

7. Industry Support

The administration of the Horse Improvement Program (HIP) was successfully transferred from the Ontario Horse Racing Industry Association, effective May 1, 2005. The three program administrative staff became employees of the Commission.

On March 2, 2006, Ajax (formerly Picov) Downs opened its new slot facility on the racetrack site. Under its responsibilities for directing the use of the funds from the Ajax Slots at Racetrack Program, the Commission determined the need for a long term plan for the Quarter Horse Industry. A Quarter Horse Racing Steering Committee was established to develop recommendations to the Board on the appropriate long-term strategy to address industry growth. Commission Staff have been working with the industry to develop an integrated Quarter Horse Racing Industry Development Plan, which should be complete by late summer 2006. In the interim, the Commission approved a 2006 program that includes purse structure and incentives.

8. Corporate and Policy Initiatives

As a result of a review of financial reporting requirements for licensed racetracks, a financial report template was distributed to racetracks for consideration. A five (5) year Business Plan for racetracks was completed by Great Canadian Gaming and Windsor Racetrack is in the process of development.

Race date allocation process joint working sessions were held. This process will continue into next year.

9. Racing Operations and Industry Initiatives

Racing Operations worked with the Canadian Pari-Mutuel Agency and racetracks to enhance video and photo finish equipment at various tracks throughout the province which allowed for better, more effective regulation and monitoring of racing action.

Racing Operations also allotted resources to continue to monitor racing surfaces at all Ontario racetracks. Along with consulting with Rick Cowan, an expert on racing surfaces, regular meetings with racetrack management and maintenance, the track conditions are reported to ORC head office regularly through the daily Judges' Reports.

LEGAL

The implementation of the Racing Commission Act, 2000 both reinforced the traditional role of legal services and clarified to whom and when those services are provided. Lawyers for the Commission provide, in general, four types of services:

- Legal advisory services to staff and the Administration on policy issues or on specific factual matters,
- Litigation services, where the lawyers act on behalf of the Administration before a panel of the Commission at hearings under the Racing Commission Act, 2000, the Rules of Standardbred Racing, the Rules of Thoroughbred Racing, or the Rules of Quarter Horse Racing,
- Litigation services on behalf of the Commission if there is an application for judicial review of a decision of the panel, and
- Legal support services to the Administration and to the Governing Board.

These legal services are provided by the Commission's lawyers and by outside legal counsel retained for specific purposes. The use of outside legal counsel permits the Administration to manage unusual circumstances, to meet high demands in a cost effective manner, and to draw on expertise where required.

Commission Hearings

During the fiscal year, 44 hearings were held over 49 dates. Thirteen of the hearings were for thoroughbred matters, 31 for standardbred matters. The Administration is usually represented by a lawyer at these hearings.

Ontario Racing Industry Board of Appeal

Hearings are also held before the Ontario Racing Industry Board of Appeal where the fine is less than $500 or a suspension is less than 30 days. The Board sits in two divisions — Thoroughbred and Standardbred.

The Thoroughbred Division sat for six days and held 27 hearings (37 requests for hearings were made). One Pending.

The Standardbred Division sat for 10 days and held 30 hearings (63 requests for hearings were made).

Requests for hearings were often abandoned, and as a result, the number of hearings was less than the number of requests. The Supervisors for Thoroughbred Racing and for Standardbred Racing act on behalf of the Administration before the Industry Board of Appeal.

Notices of Proposed Order and Notices of Immediate Suspension

Fifteen notices were issued under the Racing Commission Act, 2000. Notices of Proposed Orders of Immediate Suspension are issued pursuant to the provision in the Racing Commission Act, 2000. Similar statutory provisions are in place for other regulatory agencies and administrative authorities that report to the Ministry of Government Services.

Notices of Proposed Orders are issued by the Director where he or she proposes to refuse to issue a licence, to suspend a licence or to revoke a licence. The applicant for a licence or the licensee may, within 15 days of receipt of the notice of proposed order, request a hearing before a panel of the Commission. If the applicant or licensee does not do so, the Director may issue the order. If the applicant or licensee does request a hearing, the hearing is scheduled. The panel may confirm or set aside the order or direct the Director to take the action that the panel considers the Director ought to take to give effect to the purposes of the act.

Notices of Immediate Suspension of a licence are also subject to the review by a panel of the Commission, on request of the licensees within 15 days of the receipt of the Notice. The same hearing process is followed as in the case of Notices of Proposed Order.

RACING

The Racing Division is responsible for the field operations of the Ontario Racing Commission and oversees the day to day supervision of live racing in the province. Key functions of this division are officiating at all races and applying the policies and rules promulgated by the Commission.

Under the supervision of the Director of Racing, Standardbred Judges and Thoroughbred Stewards oversee live races and issue rulings imposing fines and suspensions for violations of the Rules of Racing. Licensing agents maintain ORC offices at each of the racetracks and are in attendance on live race dates to facilitate licensing of racing participants. Where necessary the Judges and/or Stewards review applications, evaluate eligibility, oversee all racing officials, and generally handle any inquiries from licensees or the general public as it relates to the conduct of racing.

In addition, each racetrack has an Official Veterinarian in attendance to supervise live racing. Official Veterinarians play an important role in assisting the Commission to carry out its regulatory mandate. As the advocate for the horse, the Official Veterinarian's primary responsibility is to ensure that the horse is healthy and fit to race. These responsibilities are detailed in the Rules of Racing. As a Racing Official, Official Veterinarians also act as advisors to the Commission on matters related to equine health and are present at all tracks during live racing.

The Division also coordinates and oversees the Standardbred and Thoroughbred Industry Appeal Boards. The Boards, which are comprised of industry representatives, hear appeals to rulings issued by the Judges and Stewards for fines of less than $500 and/or suspensions of less than 30 days. Members of the Industry Appeal Boards are appointed by the Ontario Racing Commission, upon recommendations from industry associations.

Rulings

	2005	2004	2003
Thoroughbred			
Stewards Rulings	534	624	705
Live Race Dates	268	248	278
Rulings per race date	1.99	2.52	2.54
Standardbred			
Judges Rulings	2,147	2,452	2,070
Live Race Dates	1,431	1,426	1,382
Rulings per race date	1.50	1.72	1.50

Drug Control Program

	2005	2004	2003
Thoroughbred			
No. of Tests	5,058	4,795	5,488
No. of Positives	7	6	4
Percentage occurrence	0.1%	0.1%	0.1%
Standardbred			
No. of Tests	28,537	28,847	27,624
No. of Positives	27	31	29
Percentage occurrence	0.1%	0.1%	0.1%

TCO_2 Testing Program

	2005	2004	2003
Thoroughbred			
No. of Tests	2,457	2,326	2,650
No. of TCO_2 Positives	0	0	1
Standardbred			
No. of Tests	34,805	35,322	34,532
No. of TCO_2 Positives	11	19	25

EPO Antibody Testing Program

	2005	2004	2003
Thoroughbred			
No. of Tests	2,866	2,780	349
No. of EPO Antibody Positives	0	0	0
Standardbred			
No. of Tests	36,223	37,127	6,081
No. of EPO Antibody Positives	4	9	4

Ten year comparison of live race dates

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Thoroughbred										
Woodbine	164	167	163	166	165	160	165	171	178	194
Fort Erie	104	81	115	116	116	107	107	75	100	101
Total Thoroughbred	**268**	**248**	**278**	**282**	**281**	**267**	**272**	**246**	**278**	**295**
Quarter Horse										
Ajax (Picov) Downs	21	25	27	22	20	19	19	19	20	21
Total Quarter Horse	**21**	**25**	**27**	**22**	**20**	**19**	**19**	**19**	**20**	**21**
Standardbred										
Woodbine	177	184	146	157	155	106	133	159	150	141
Mohawk	80	74	110	103	102	154	123	100	110	118
Total WEG Standardbred	257	258	256	260	257	260	256	259	260	259
Flamboro Downs	258	259	257	259	259	260	255	255	212	250
Windsor	131	130	153	156	171	184	193	166	149	178
Rideau Carleton	149	129	125	141	155	118	95	74	77	69
Western Fair	117	120	99	99	98	98	87	92	89	95
Georgian Downs (Barrie)	117	118	102	101	25	46	50	52	54	50
Kawartha	111	103	107	79	87	54	50	50	31	47
Sudbury Downs	50	65	71	74	78	78	53	55	50	50
Hiawatha	61	67	61	65	73	78	57	50	48	47
Grand River	56	53	39	50	50	49	51	51	50	50
Hanover	31	31	31	31	31	17	21	21	21	20
Belleville	26	26	26	26	26	25	25	25	25	27
Dresden	22	21	20	20	20	16	16	15	14	21
Clinton	20	17	18	17	17	12	12	12	12	12
Woodstock	25	29	17	18	16	12	16	15	15	15
Standardbred Non WEG	1,174	1,168	1,126	1,136	1,106	1,047	981	933	847	931
Total Standardbred	**1,431**	**1,426**	**1,382**	**1,396**	**1,363**	**1,307**	**1,237**	**1,192**	**1,107**	**1,190**
Grand Total	**1,720**	**1,699**	**1,687**	**1,700**	**1,664**	**1,593**	**1,528**	**1,457**	**1,405**	**1,506**

Breakdown of number of licences issued

	2005	2004	2003	2002	2001
Thoroughbred					
Owner, New Owner & Owner Renewal	2,573	2,670	2,163	2,353	2,338
Stable	515	473	504		
Partnerships	765	721	807		
Trainer & Trainer Assistant	696	705	403	399	384
Owner/Trainer, New and Renewals			265	299	300
Jockey	94	92	94	115	99
Jockey Apprentice, Valets & Agent	59	34	76	64	68
Tradesman	242	227	236	246	203
Veterinarian	46	37	42	40	45
Occupational (Other)	2,863	2,727	2,893	2,697	2,449
Association Officials	238	364	320	174	176
Commission Officials	20	28	26	21	21
Pari Mutuel	178	255	162	212	251
Total Thoroughbred	**8,289**	**8,333**	**7,991**	**6,620**	**6,334**
Quarter Horse					
Owner	70	58	63	54	48
Trainer	17	14	4	7	6
Assistant Trainer	5	4	3		
Owner/Trainer			12	10	14
Owner/Assistant Trainer			—	3	2
Jockey	13	10	12	14	11
Veterinarian	2	—	—	—	3
Occupational (Other)	15	48	41	41	23
Association Officials	22	28	15	15	16
Commission Officials	1	1	1	3	3
Total Quarter Horse	**145**	**163**	**151**	**147**	**126**
Standardbred					
Owner, New and Renewal	9,423	9,515	9,229	9,230	8,848
Stable/Multiple Ownership	950	972	886	906	858
Trainer	3,323	3,477	3,481	3,533	3,451
Driver	1,525	1,626	1,696	1,748	1,703
Groom	4,963	5,106	4,735	4,470	3,451
Tradesmen	183	176	149	149	129
Veterinarian	63	63	75	65	62
Occupational	592	588	378	404	336
Association Officials	521	540	495	448	415
Commission Officials	99	108	109	100	82
Pari-Mutuel	1,180	1,231	1,035	1,109	659
Total Standardbred	**22,822**	**23,402**	**22,268**	**22,162**	**19,994**
Total licences issued	**31,256**	**31,898**	**30,410**	**28,929**	**26,454**
% change over previous year	**-2%**	**5%**	**5%**	**9%**	**3%**

Claims

	2005			2004			Percentage Change	
	No.	Value $	Average $	No.	Value $	Average $	No.	Average
Standardbred								
Clinton	5	36,500	7,300	5	57,000	11,400	0%	-36%
Dresden	5	27,625	5,525	5	33,000	6,600	0%	-16%
Grand River	77	694,675	9,022	37	281,250	7,601	108%	19%
Flamboro Downs	336	2,694,875	8,020	455	4,208,000	9,248	-26%	-13%
Georgian Downs	211	2,345,250	11,115	236	2,169,000	9,191	-11%	21%
Hanover	29	202,750	6,991	25	198,875	7,955	16%	-12%
Hiawatha	44	407,375	9,259	61	557,500	9,139	-28%	1%
Kawartha Downs	89	722,250	8,115	80	746,375	9,330	11%	-13%
Mohawk	189	6,174,250	32,668	223	7,349,500	32,957	-15%	-1%
Quinte	4	17,000	4,250	4	15,000	3,750	0%	13%
Rideau Carleton	244	2,534,175	10,386	239	2,290,225	9,583	2%	8%
Sudbury	53	384,380	7,252	67	490,829	7,326	-21%	-1%
Western Fair	68	538,675	7,922	93	818,500	8,801	-27%	-10%
Windsor	211	1,789,025	8,479	221	2,096,125	9,485	-5%	-11%
Woodbine	564	16,487,750	29,234	563	17,548,000	31,169	0%	-6%
Woodstock	16	116,250	7,266	13	97,250	7,481	23%	-3%
Total	**2,145**	**35,172,805**	**16,398**	**2,327**	**38,956,429**	**16,741**	**-8%**	**-2%**
Thoroughbred								
Woodbine	362	9,446,500	26,095.30	411	10,764,500	26,191.00	-12%	0%
Fort Erie	124	829,500	6,689.52	133	1,066,500	8,167.00	-7%	-18%
Total	**486**	**10,276,000**	**21,144.03**	**544**	**11,831,000**	**21,748.16**	**-11%**	**-3%**

INVESTIGATIONS UNIT

The Investigations Unit of the Ontario Racing Commission assists the ORC in fulfilling its mandate to regulate horse racing in the public interest and ensure public confidence in the honesty and integrity of the industry in Ontario. The Investigations Unit is comprised of civilian investigators and police officers seconded from the Ontario Provincial Police Illegal Gambling Unit of the Organized Crime Section. The ORC Director of Investigations and a Detective Staff Sergeant from the OPP jointly oversee the Unit.

The Unit's overall focus is to enhance compliance with the regulatory framework governing horse racing through rigorous enforcement of the rules. While enforcement is key, the Unit sees itself as providing a necessary service to the horse racing community.

Objectives

- identify and investigate incidents of the illegal sale, purchase and possession of equine and human drugs;
- identify and investigate horse welfare issues;
- identify and investigate issues related to organized crime involvement in the industry;
- ensure that all facets of the industry operate with honesty and integrity;
- identify and address corrupt practices in the industry;
- ensure compliance with ORC rules and rulings; and
- establish Ontario as a horse racing industry leader in the area of investigation and enforcement.

Functions

- conducts due diligence investigations on all new licence applicants, including teletheatres and racetracks, to ensure that only those individuals and organizations who will act with honesty and integrity can participate in the industry;
- conducts breathalyzer and human drug testing to enhance safety in horse racing;
- searches for prohibited items to detect the use of illicit or prohibited substances;
- enforces Security Standards, Rules of Racing and Rulings;
- conducts investigations of serious racing violations including fraud, cruelty to animals, shadow training and hidden ownerships;
- investigates illegal gambling activities related to the horse racing industry such as bookmaking and money laundering;
- liaises with the police community and other civilian regulatory bodies to share information and conduct joint investigations where appropriate;
- serves summons to support judicial processes related to ORC regulatory activities; and
- conducts investigations and ensures compliance with the Death Registry Program.

2005/2006 Accomplishments:

- **Project Cardigan**, the investigation into the acquisition and possession of illegal and non-therapeutic drugs continued throughout 2005 with several licensees receiving fines and/or suspensions. The Investigations Unit continued to strive to lessen the acquisition and possession of these illegal and non-therapeutic equine drugs.
- **Project ID** continued in 2005 to ensure consistency in security at Ontario Racetracks. Project ID is a licensee awareness program to promote the importance of the ORC Licence. Unit members worked with security at every track throughout Ontario to ensure licensees were carrying their ORC ID cards and that racetrack security are keeping proper records of information. Now in its fifth year, the Unit checked over 5,000 licences on 19 different occasions at 16 racetracks. The Unit continues to monitor to ensure there are proper security procedures at each track.
- To ensure the safety of participants and horses at thoroughbred racetracks in Ontario, the Investigations Unit conducted **Project Safe Ride** for the second year at Woodbine and Fort Erie Racetracks. Members of the Investigations Unit attend at randomly chosen barns to request participants provide a breath sample to ensure they were not under the influence of alcohol while exercising horses.

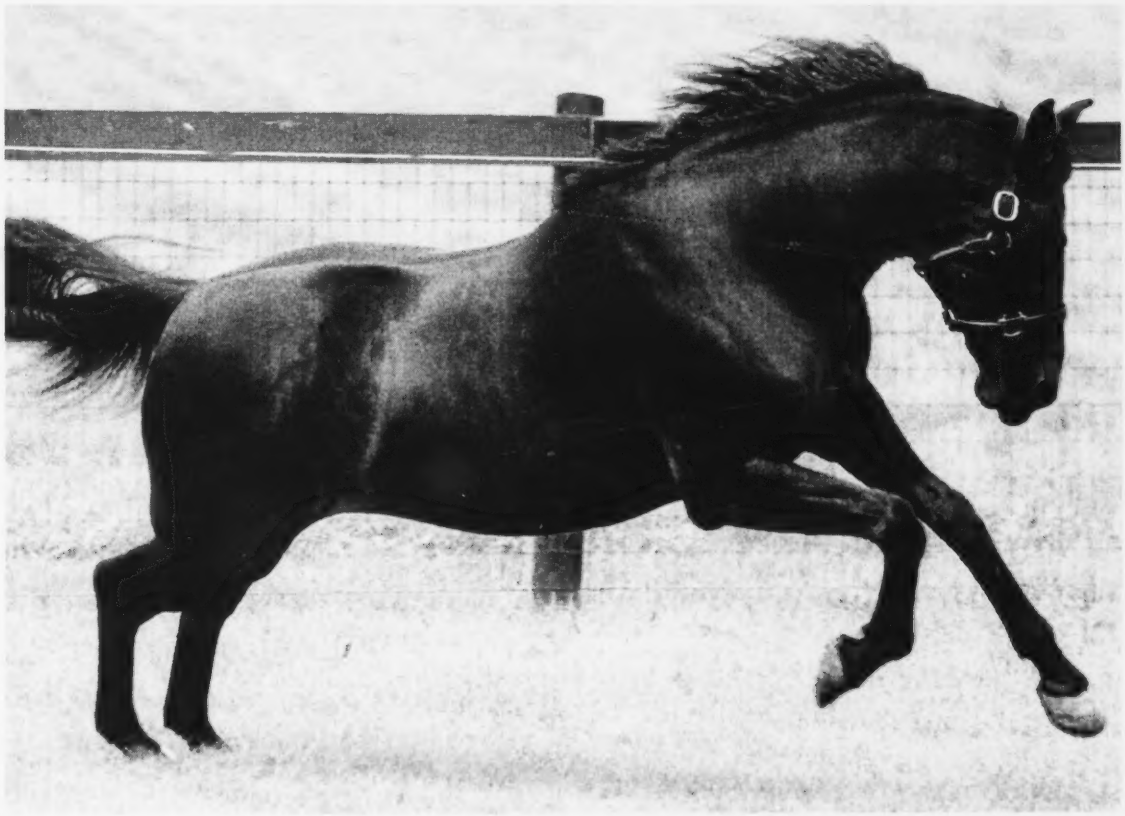
- The Due Diligence Unit conducted over 2,800 background investigations into licensees, teletheatres and racetracks to ensure the highest standard of integrity within the horse racing industry.
- The ORC Hotline, which allows callers to provide anonymous information to the Investigations Unit, involving horse abuse, illegal equine or human drug abuse, hidden ownerships and other potential regulatory infractions, continued to be monitored.
- The Death Registry requires the reporting of all racing related horse deaths. In 2005, the Unit conducted 10 investigations of racing related deaths.
- In the early spring 2006, members of the Investigations Unit along with Judges from Standardbred Racing hosted an information booth during the Can-Am Equine All Breeds Equine Emporium at the Western Fair.

Investigations Unit

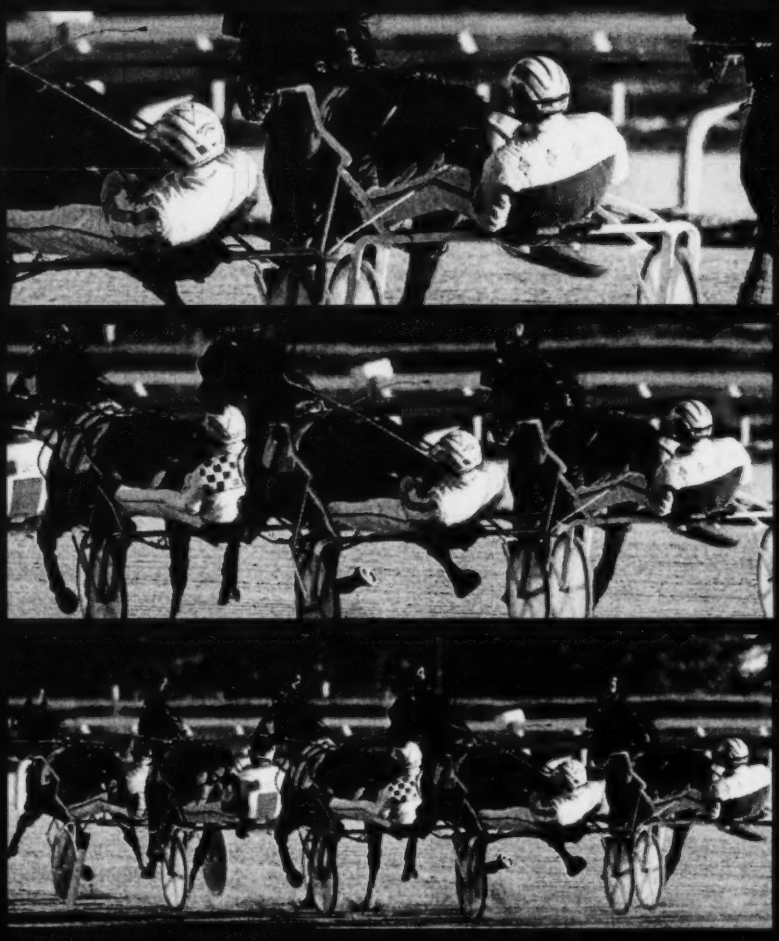
Due Diligence Investigations	
Licensees	2805
Teletheatres	22
Racetracks	6

Investigations	
Total Investigations	611

Compliance Investigations	
Human Drug Testing	1039
Searches	101
Seizures	20
Teletheatre Inspections	28
Summons Served	205
Trainer Transfers	71



FINANCIAL PERFORMANCE



MANAGEMENT
DISCUSSION

FINANCIAL STATEMENTS

NOTES TO
FINANCIAL STATEMENTS

MANAGEMENT DISCUSSION

The Ontario Racing Commission was established as an independent and self-financing regulatory agency of the Crown under the Racing Commission Act, 2000. The fiscal year 2005-06 ending March 31, 2006 marks the fifth full year of operations under this corporate structure.

During the year, the Commission continued its expansion of the Information Technology Strategic Plan with modifications to its website, and additional computer equipment was issued to field officials. Certain enhancements were also made to the Commission Racing Information System (CRIS) for the Thoroughbred division. The Investigations Unit remained constant but needed part-time staff for its due diligence activities and assignments. Continued staff training was also a priority.

This fiscal year reflected the expansion of the Death Registry program in the area of forensic pathology and saw the continuation of the Track Maintenance Standards Program, which was established in prior years. These two initiatives were included as Board expenditures approved at the start of the fiscal year.

The Commission Head Office relocated its operation on March 3, 2006 in order to be more accessible to the industry and in the process, it achieved a more effective office layout that will result in less expensive lease costs.

REVENUE

During this fiscal period, the Commission received funds for its operational expenditures from four main sources:

- track levy calculated as a percentage of each racing association's total wagering for the previous calendar year;
- regulatory (purse) levy which is calculated as a percentage of the purses paid during the previous calendar year. This is the final year of the three year agreement signed in 2003;
- licence and registration fees collected from applicants, such as owners, trainers, drivers, jockeys, etc., and for racetrack licences and race date changes; and
- fines imposed for violations of the Rules of Racing and interest earned on the Reserve account.

For the fiscal year ended March 31, 2006, the Commission's total revenue was $12.4 million. This included the track levy of $5.9 million based on 0.5% of wagering in 2004, regulatory (purse) levy of $4.0 million, licence and registration fees of $1.8 million, fines and interest of $0.4 million, and recovery of $ 0.3 million from the industry which is explained in Note 5.

EXPENDITURES

The Board approved total 2005-06 expenditures to be equal to the projected revenue of $12.4 million for the operation of the Commission, and the track and regulatory levy combined equates to approximately 80 % of revenue.

Expenditures approved by the Board in March, 2005 – but not paid out until May, 2005 (i.e. fiscal 2005-06) – were deemed as expended during the 2004-05 fiscal using the accrual basis of accounting. This approach continued for 2006.

The budgeted expenses for the cost of living allowance (COLA) retroactive for 2004-05 (2.4 %) and 2005-06 (2.2 %) were finally approved by the Ministry and processed at the end of 2005-06.

Increases in Salaries and Wages during 2006 over 2005 were due to COLA, adjustments for employees who completed their probation, performance awards, cross-training for planned retirees, and due diligence activity assignments. The increase in Employee Benefits was due to long-term retirement severance costs and increased contribution for pension. The increase in Services was due to higher investigations cost in 2006 over 2005.

RESERVE

The Ministry of Government Services approved the establishment of a Reserve account commencing in fiscal 2001-02 and that over a period of time this account should be the equivalent of approximately 25% of the Commission's annual operating budget. This process was deemed prudent since a significant portion of the Commission's revenue base relies on total wagering and purses paid at Ontario racing venues that could fluctuate.

At the end of fiscal 2004-05, the total reserve fund was $1,000,000 and in the 2005-06 Business Plan, the Board had approved that an amount of $100,000 be added to the Reserve account. Due to budgetary uncertainties during fiscal 2005-06, the transaction was deferred until fiscal 2006-07.

FINANCIAL STATEMENTS

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Auditor's Report

To the Ontario Racing Commission
and to the Minister of Government Services

I have audited the balance sheet of the Ontario Racing Commission as at March 31, 2006 and the statements of operations and retained income and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
July 7, 2006

Gary R. Peall, CA
Deputy Auditor General

Balance Sheet As at March 31, 2006

	2006 ($ 000)	2005 ($ 000) (Restated Note 3)
ASSETS		
Current		
Cash	2,460	2,036
Accounts receivable	532	101
Prepaid expenses	209	48
	3,201	**2,185**
Capital assets (Note 8)	635	200
	3,836	**2,385**
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	1,111	1,177
Deferred cost recovery from industry (Note 5C)	50	-
	1,161	**1,177**
Long-term		
Accrued benefit obligation (Note 6C)	651	648
Deferred lease inducement (Note 12)	460	-
	1,111	**648**
Net assets		
Retained income (Note 11)	1,564	560
	3,836	**2,385**

Commitments (Note 9)
See accompanying notes to financial statements.
Approved on behalf of the Commission:

Lynda Tanaka
Chair

George Kelly
Member

Statement of Operations and Retained Income For the Year Ended March 31, 2006

	2006 ($ 000)	2005 ($ 000) (Restated Note 3)
Revenue		
Track levy (Note 4)	5,883	6,027
Regulatory levy (Note 4)	4,001	3,005
Licence and registration fees	1,777	1,864
Fines and penalties	326	523
Cost recovery from industry (Note 5)	338	-
Interest income	77	24
Total revenue	**12,402**	**11,443**
Expenses		
Salaries and wages	5,491	5,143
Employee benefits (Note 6)	1,109	899
Services (Note 10)	3,327	3,281
Transportation and communication	1,148	1,115
Supplies	184	196
Amortization	139	131
Total expenses	**11,398**	**10,765**
Excess of revenue over expenses	**1,004**	**678**
Retained income (deficit), beginning of year	**560**	**(118)**
Retained income, end of year (Note 11)	**1,564**	**560**

See accompanying notes to financial statements.

Statement of Cash Flows For the Year Ended March 31, 2006

	2006 ($ 000)	2005 ($ 000) (Restated Note 3)
Cash flows from operating activities		
Excess of revenue over expenses	1,004	678
Amortization	139	131
	1,143	**809**
Changes in non-cash items		
Non-cash operating working capital	(658)	157
Deferred cost recovery from industry	50	-
Accrued benefit obligation	3	47
Deferred lease inducement	460	-
	(145)	**204**
	998	**1,013**
Cash used for investing activity		
Purchase of capital assets	(574)	(31)
Net change in cash position	**424**	**982**
Cash position, beginning of year	**2,036**	**1,054**
Cash position, end of year	**2,460**	**2,036**
Cash is composed of:		
General	1,460	1,036
Reserve (Note 11)	1,000	1,000
	2,460	**2,036**

See accompanying notes to financial statements.

MARCH 31, 2006

1. Objects of the Commission

Effective December 15, 2000, the Racing Commission Act, 2000 continued the Ontario Racing Commission (the "Commission") as an independent self-financing regulatory agency of the Crown. The Commission is responsible to govern, direct, control and regulate horse racing in the Province.

As an Ontario Crown agency, the Commission is exempted from federal and provincial income taxes under the Income Tax Act (Canada).

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies used to prepare these statements are summarized below.

(A) CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful life of the asset, beginning in the year following acquisition, as follows:

Office furniture and equipment	5 years
Computer equipment and software	3 years
Leasehold improvements	remaining term of lease

(B) REVENUE RECOGNITION

Track and regulatory levies are recognized as income in the year they are due.

Licence and registration fees are recognized as income when issued.

Revenue from fines and penalties, less a provision for uncollectible amounts, is recorded when such fines and penalties are imposed.

(C) EXPENSE RECOGNITION

Expenses are recognized on an accrual basis as incurred, in the year to which they relate.

(D) USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual amounts could differ from these estimates.

3. Change in Accounting Policy

In fiscal 2006, the Commission adopted a new policy to account for vacation pay by accruing the related payments when earned rather than when paid. The policy has been applied retroactively and the effect on the 2005 comparative figures is as follows:

	2005 Previously Stated ($ 000)	Increase (Decrease) ($ 000)	2005 Restated ($ 000)
Accounts payable and accrued liabilities	1,028	149	1,177
Accrued benefits obligation	608	40	648
Salaries and wages	5,130	13	5,143
Employee benefits	895	4	899
Excess of revenue over expenses	695	(17)	678
Retained income (deficit), beginning of year	54	(172)	(118)
Retained income, end of year	749	(189)	560

4. Track Levy And Regulatory Levy

The track levy was calculated as a percentage of total wagering made at each racing association during the 2004 calendar year. The regulatory levy was calculated as a percentage of purses paid at each racetrack during the 2004 calendar year. The levies were established such that the total sum of the levies and other revenues received by the Commission would be sufficient to cover all costs associated with the operation of the Commission.

5. Cost Recovery From Industry

The Commission recovers certain costs from the industry for its activities as follows:

(A) HORSE IMPROVEMENT PROGRAM

As of May 1, 2005, the Commission assumed responsibility for the administration of the Horse Improvement Program (HIP). The HIP is a racing and breeding incentive program that was established in 1974.

The objective of the program is: to supplement purses paid; to improve the quality and quantity of racing stock in Ontario; to fund equine research; to promote the Ontario-bred horse; and to promote horse breeding and ownership in the province. A Memorandum of Understanding (MOU) effective September 30, 1996 between the then Ministry of Consumer and Commercial Relations, the Ontario Horse Racing Industry Association and the Commission provided for a reduction of pari-mutuel taxes, with these forgone revenues being allocated to various industry participants. The MOU has been supplemented by subsequent agreements to include an allocated portion of revenues from slot machines at racetracks. As of December 31, 2005, the program had net assets of approximately $5 million and annual revenues and expenditures each of approximately $49 million, none of which are reflected in these financial statements. Separate financial statements have been prepared for the HIP, which were audited by an independent public accounting firm. The Commission recovered $228,135 from HIP for its costs to administer the program.

(B) QUARTER HORSE RACING INDUSTRY DEVELOPMENT PROGRAM

As a result of an agreement between the Ontario Lottery and Gaming Corporation and owners of the Ajax Downs racetrack, the Commission assumed responsibility to administer the Quarter Horse Racing Industry Development Program with an objective to establish a program for the betterment of the Ontario quarter horse racing industry and horse racing in general. The program is funded by an allocated portion of new slot machine revenues from the racetrack commencing in March 2006. As of March 31, 2006, the program had unaudited net assets of approximately $600,000 and incurred no expenditures. For fiscal 2007, the Commission plans to recover from the program its administrative costs and prepare separate financial statements for the program, as the assets, liabilities, revenues and expenses of the program will not be reflected in these financial statements.

(C) INVESTIGATIONS FOR RACETRACK LICENSING

The Commission recovers its costs for conducting investigations of eligibility for racetrack licences for new racetracks or changes of ownership from the applicants. The Commission requires applicants to prepay the costs of investigations and records these prepayments as a deferred cost recovery from industry until the related costs are incurred. In fiscal 2006, the Commission incurred and recovered $110,000 (2005 – $0).

6. Employee Benefits

(A) PENSION BENEFITS

The Commission provides pension benefits for all its permanent employees through participation in the Public Service Pension Fund (PSPF) which is a multi-employer defined benefit pension plan established by the Province of Ontario. The plan is accounted for as a defined contribution plan as the Commission has insufficient information to apply defined benefit plan accounting to the pension plan. The Commission's contributions related to the PSPF for the year were $332,539 (2005 – $308,669) and are included in employee benefits.

(B) NON-PENSION BENEFITS

The cost of post-retirement non-pension employee benefits is paid by the Ministry of Government Services and is not included in the Statement of Operations and Retained Income.

(C) ACCRUED BENEFIT OBLIGATION

The accrued benefit obligation includes an accrual for earned employee severance and vacation entitlements due upon termination or retirement. In fiscal 2006, the cost of these employee benefits was $144,164 (2005 – $84,630) and is included in employee benefits.

7. Members' Remuneration

Total remuneration of the Chair and members of the Commission for the year was $153,963 (2005 – $125,851).

8. Capital Assets

	2006 ($000)			2005 ($000)
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	260	239	21	95
Office furniture and equipment	219	56	163	69
Leasehold improvements	522	71	451	36
	1,001	366	635	200

9. Commitments

The Commission is committed under operating leases on head office premises and vehicles with future minimum rental payments due as follows:

	Premises ($ 000)	Vehicles ($ 000)	Total ($ 000)
2007	-	225	225
2008	279	100	379
2009	335	33	368
2010	335	-	335
2011	346	-	346
2012 - 2016	1,755	-	1,755
	3,050	358	3,408

10. Related Party Transactions

The Commission paid the Province of Ontario for: Ontario Provincial Police investigative and related services totalling $923,752 (2005 – $815,507); and for administrative services, information technology services, and use of computer equipment totalling $241,294 (2005 – $238,708).

11. Reserve

Subsection 13(1) of the Racing Commission Act, 2000 allows the Commission to retain its surplus funds unless, under subsection 13(2), it is ordered by the Minister responsible for the Commission to pay into the Consolidated Revenue Fund of the Province of Ontario the portion of its surplus funds as determined by the Minister. In fiscal 2002, the Commission obtained approval from the Ministry of Government Services to establish a Reserve account not to exceed 25% of the Commission's annual operating budget. These funds will be used as an operating contingency against unanticipated revenue shortfalls.

12. Deferred Lease Inducement

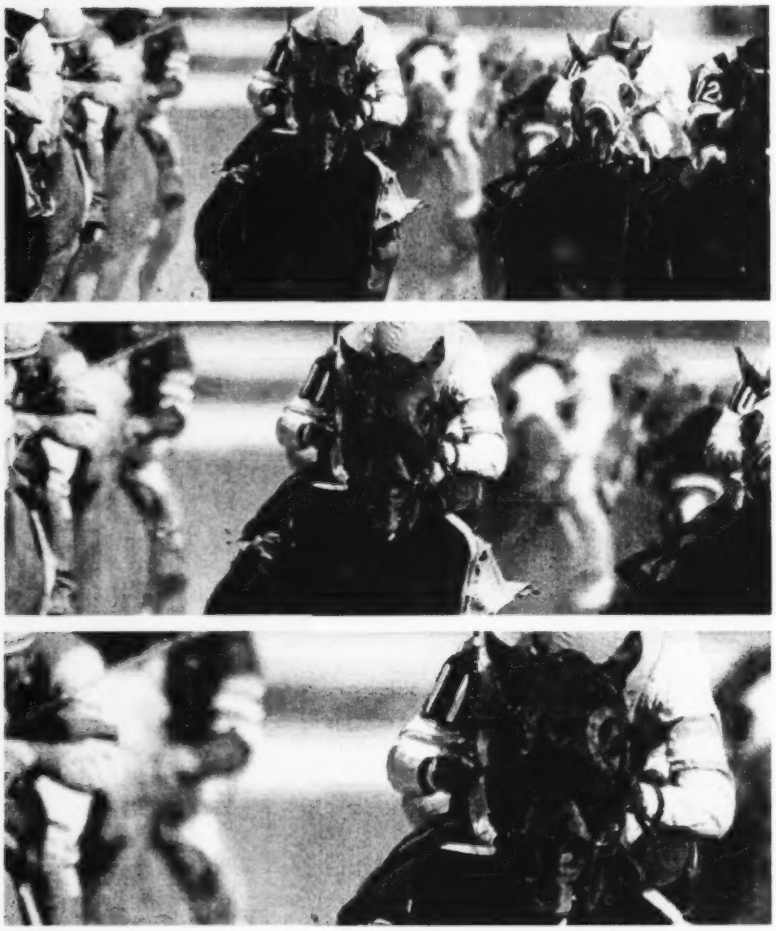
As part of its lease arrangements for its new head office premise, the Commission negotiated a lease inducement of $459,920 to cover the costs of leasehold improvements. This deferred lease inducement will be amortized on a straight-line basis over the 10-year lease period commencing April 1, 2006, being the start date of the lease.

13. Salary Disclosure

Section 3(5) of the Public Sector Salary Disclosure Act, 1996 requires disclosure of Ontario public-sector employees who were paid a salary in excess of $100,000 in calendar year 2005. For the Ontario Racing Commission, this disclosure is as follows:

Name	Position	Salary ($)	Taxable Benefits ($)
Blakney, John L.	Executive Director and Chief Executive Officer	132,147	6,736
Fernandes, Gregory A.	Director of Finance and Administration	135,455	2,302
Fines, D. William	Supervisor of Standardbred Racing	111,544	164
Hall, Edwin	Supervisor of Thoroughbred Racing	135,424	0
McKinney, Robert S.	Director of Investigations	128,928	196
Milanovich, Jasmina	Manager of Corporate Affairs	102,261	150
Stone, Brent W.	Assistant Supervisor, Standardbred Racing	106,021	150
Stone, W. Terry	Director of Racing	144,511	199

WAGERING STATISTICS



CANADIAN WAGERING STATISTICS 2005

ONTARIO WAGERING STATISTICS 2005

BREAKDOWN WAGERING BY TYPE

BREAKDOWN — FOREIGN VS ONTARIO

PROGRESS — 10 YEAR HISTORY

SIMULCAST WAGERING

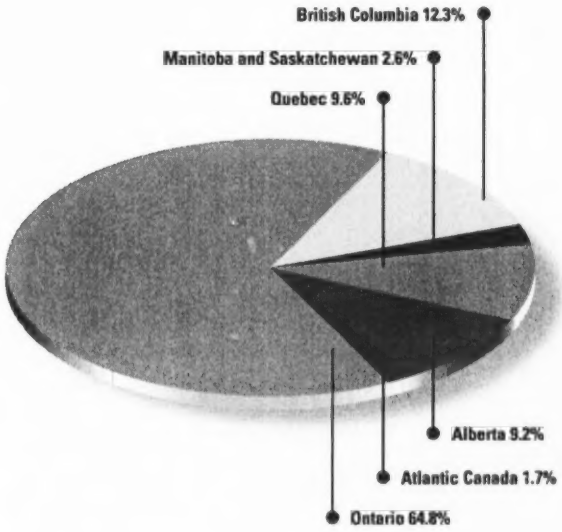
WAGERING STATISTICS 2005

Canada	No. of Days	Wagering $	Provincial Tax Gross $	Federal Levy $	%
provided by the Canadian Pari-Mutuel Agency					
Provincial Detail					
Ontario	1,731	1,125,644,130		8,659,258	64.76%
British Columbia	177	213,101,727		1,700,307	12.26%
Quebec	328	166,630,301		1,327,920	9.59%
Alberta	342	159,535,522		1,272,376	9.18%
Manitoba	96	42,247,989		336,553	2.43%
Nova Scotia	110	13,566,241		107,413	0.78%
New Brunswick	64	6,018,600		47,878	0.35%
PEI	101	7,565,590		60,594	0.44%
Saskatchewan	49	2,148,833		16,942	0.12%
Newfoundland & Labrador	25	1,644,693		13,001	0.09%
Total	**3,023**	**1,738,103,626**		**13,542,242**	**100.00%**

provided by the Canadian Pari-Mutuel Agency

Ontario					
Standardbred*	1,442	394,675,835	2,314,967	3,553,865	35.06%
Thoroughbred	268	730,868,944	3,322,943	5,104,600	64.93%
Quarter Horse	21	99,351	498	793	0.01%
Total Ontario	**1,731**	**1,125,644,130**	**5,638,408**	**8,659,258**	**100.00%**

* includes 11 days of Unsupervised Racing



WAGERING STATISTICS 2005

ONTARIO

Tracks	No. of Days			Wagering $		
	2005	2004	+/- %	2005	2004	+/- %
Thoroughbred						
Woodbine	164	167	-1.8%	513,567,416	505,589,731	1.6%
Fort Erie	104	81	28.4%	58,037,164	59,386,584	-2.3%
Total TB	**268**	**248**	**8.1%**	**571,604,579**	**564,976,316**	**1.2%**
Quarter Horse						
Ajax Downs	21	25	-16.0%	275,342	324,041	-15.0%
Total QH	**21**	**25**	**-16.0%**	**275,342**	**324,041**	**-15.0%**
Standardbred						
Woodbine	177	184	-3.8%	275,182,412	311,154,318	-11.6%
Mohawk	80	74	8.1%	24,826,963	23,712,635	4.7%
Total WEG SB	257	258	-0.4%	300,009,374	334,866,953	-10.4%
Flamboro	258	259	-0.4%	54,120,135	52,523,488	3.0%
Rideau Carleton	149	129	15.5%	33,975,920	34,636,962	-1.9%
Windsor	131	130	0.8%	35,948,771	43,676,107	-17.7%
Western Fair	117	120	-2.5%	23,983,585	26,170,592	-8.4%
Georgian Downs	117	118	-0.8%	28,316,196	29,438,653	-3.8%
Kawartha	111	103	7.8%	12,362,559	14,467,891	-14.6%
Hiawatha	61	67	-9.0%	7,210,601	8,371,654	-13.9%
Grand River	56	53	5.7%	27,885,641	27,448,627	1.6%
Sudbury	50	65	-23.1%	6,751,252	14,076,974	-52.0%
Hanover	31	31	0.0%	6,770,362	6,544,735	3.4%
Belleville	26	26	0.0%	3,850,804	4,056,136	-5.1%
Woodstock	25	29	-13.8%	4,494,210	4,846,831	-7.3%
Dresden	22	21	4.8%	5,506,525	7,663,148	-28.1%
Clinton	20	17	17.6%	2,457,153	2,802,245	-12.3%
Total Supervised	1,431	1,426	0.4%	553,643,087	611,590,996	-9.5%
Unsupervised	11	11	0.0%	100,236	114,223	-12.2%
Total SB	**1,442**	**1,437**	**0.3%**	**553,743,323**	**611,705,218**	**-9.5%**
Grand Total	**1,731**	**1,710**	**1.2%**	**1,125,623,244**	**1,177,005,575**	**-4.4%**

WAGERING BY TYPE 2005

BREAKDOWN

Tracks	Live	% of total	Intertrack	% of total	Teletheatre	% of total	TAB	% of total	Total Thoroughbred	Total Standardbred	Total Wagering $
Thoroughbred											
Woodbine	65,576,703	12.8%	101,363,954	19.7%	271,091,163	52.8%	75,535,596	14.7%	513,567,416	0	513,567,416
Fort Erie	10,293,829	17.7%	14,702,649	25.3%	31,269,122	53.9%	1,771,563	3.1%	43,860,974	14,176,190	58,037,164
Total TB	75,870,532	13.3%	116,066,603	20.3%	302,360,285	52.9%	77,307,159	13.5%	557,428,390	14,176,190	571,604,579
Quarter Horse											
Ajax Downs	99,351	36.1%	175,991	63.9%	0	0.0%	0	0.0%	275,342	0	275,342
Total QH	99,351	36.1%	175,991	63.9%	0	0.0%	0	0.0%	275,342	0	275,342
Standardbred											
Woodbine	34,211,960	12.4%	60,210,014	21.9%	139,262,198	50.6%	41,498,239	15.1%	18,973,820	256,208,592	275,182,412
Mohawk	10,051,012	40.5%	14,775,950	59.5%	0	0.0%	0	0.0%	7,463,085	17,363,878	24,826,963
Total WEG SB	44,262,973	14.8%	74,985,965	25.0%	139,262,198	46.4%	41,498,239	13.8%	26,436,905	273,572,470	300,009,374
Flamboro	8,036,378	14.8%	13,692,041	25.3%	21,882,516	40.4%	10,509,200	19.4%	23,470,321	30,649,813	54,120,135
Rideau Carleton	5,113,325	15.0%	8,365,964	24.6%	18,577,519	54.7%	1,919,111	5.6%	10,924,474	23,051,445	33,975,920
Windsor	9,422,693	26.2%	23,006,673	64.0%	1,337,667	3.7%	2,181,738	6.1%	12,148,209	23,800,562	35,948,771
Georgian Downs	4,018,129	14.2%	12,542,327	44.3%	9,814,275	34.7%	1,941,465	6.9%	13,612,905	14,703,291	28,316,196
Western Fair	3,860,538	16.1%	18,715,568	78.0%	55,421	0.2%	1,352,058	5.6%	7,365,274	16,618,311	23,983,585
Kawartha	2,905,231	23.5%	2,492,227	20.2%	5,480,448	44.3%	1,484,653	12.0%	3,557,891	8,804,668	12,362,559
Hiawatha	1,927,972	26.7%	5,131,980	71.2%	55,421	0.8%	95,228	1.3%	1,886,073	5,324,528	7,210,601
Grand River	1,465,294	5.3%	5,062,764	18.2%	19,041,359	68.3%	2,316,224	8.3%	13,242,124	14,643,516	27,885,641
Sudbury	634,236	9.4%	757,695	11.2%	5,359,321	79.4%	0	0.0%	3,525,605	3,225,647	6,751,252
Hanover	778,721	11.5%	3,145,802	46.5%	2,290,813	33.8%	555,026	8.2%	2,080,567	4,689,795	6,770,362
Belleville	280,839	7.3%	2,588,108	67.2%	0	0.0%	981,857	25.5%	1,593,060	2,257,744	3,850,804
Woodstock	348,908	7.8%	3,820,175	85.0%	0	0.0%	325,127	7.2%	1,548,069	2,946,141	4,494,210
Dresden	601,012	10.9%	2,770,520	50.3%	1,648,235	29.9%	486,758	8.8%	1,309,696	4,196,829	5,506,525
Clinton	420,947	17.1%	1,663,827	67.7%	57,100	2.3%	315,279	12.8%	547,498	1,909,655	2,457,153
Total Supervised	84,077,196	15.2%	178,741,636	32.3%	224,862,293	40.6%	65,961,962	11.9%	123,248,670	430,394,416	553,643,087
Unsupervised	100,236	100.0%		0.0%		0.0%		0.0%	0	100,236	100,236
Total SB	84,177,432	15.2%	178,741,636	32.3%	224,862,293	40.6%	65,961,962	11.9%	123,248,670	430,494,652	553,743,323
Grand Total	160,147,314	14.2%	294,984,230	26.2%	527,222,579	46.8%	143,269,121	12.7%	680,952,402	444,670,842	1,125,623,244

WAGERING FOREIGN vs. ONTARIO

BREAKDOWN

	FOREIGN						ONTARIO					
Tracks	Thoroughbred	% of TB	Standardbred	% of SB	Total foreign $	% of total	Thoroughbred	% of TB	Standardbred	% of SB	Total Ontario $	% of total
Thoroughbred												
Woodbine	357,761,021	69.7%	0		357,761,021	69.7%	155,806,394	30.3%	0		155,806,394	30.3%
Fort Erie	24,232,408	55.2%	4,861,668	34.3%	29,094,076	50.1%	19,628,565	44.8%	9,314,522	65.7%	28,943,087	49.9%
Total TB	381,993,430	68.5%	4,861,668	34.3%	386,855,097	67.7%	175,434,959	31.5%	9,314,522	65.7%	184,749,481	32.3%
Quarter Horse												
Picov Downs	29,620	10.8%	0		29,620	10.8%	245,722	89.2%	0	0.0%	245,722.00	89.2%
Total QH	29,620	10.8%	0		29,620	10.8%	245,722	89.2%	0	0.0%	245,722	89.2%
Standardbred												
Woodbine	18,973,820	0.0%	79,316,211	31.0%	98,290,031	35.7%	0	0.0%	176,892,381	69.0%	176,892,381	64.3%
Mohawk	5,668,356	76.0%	2,834,990	16.3%	8,503,346	34.3%	1,794,728	24.0%	14,528,888	83.7%	16,323,616	65.7%
Total WEG SB	24,642,176	93.2%	82,151,201	30.0%	106,793,377	35.6%	1,794,728	6.8%	191,421,269	70.0%	193,215,997	64.4%
Flamboro	16,783,043	71.5%	5,781,015	18.9%	22,564,057	41.7%	6,687,278	28.5%	24,868,798	81.1%	31,556,077	58.3%
Rideau Carleton	8,282,591	75.8%	5,074,688	22.0%	13,357,279	39.3%	2,641,883	24.2%	17,976,757	78.0%	20,618,640	60.7%
Windsor	9,823,615	80.9%	5,379,896	22.6%	15,203,511	42.3%	2,324,594	19.1%	18,420,666	77.4%	20,745,260	57.7%
Georgian Downs	9,489,693	69.7%	2,617,479	17.8%	12,107,171	42.8%	4,123,212	30.3%	12,085,812	82.2%	16,209,024	57.2%
Western Fair	5,887,230	79.9%	3,278,243	19.7%	9,165,473	38.2%	1,478,044	20.1%	13,340,067	80.3%	14,818,111	61.8%
Kawartha	2,258,450	63.5%	1,064,341	12.1%	3,322,791	26.9%	1,299,440	36.5%	7,740,327	87.9%	9,039,767	73.1%
Hiawatha	1,459,113	77.4%	884,788	16.6%	2,343,901	32.5%	426,960	22.6%	4,439,740	83.4%	4,866,700	67.5%
Grand River	10,012,949	75.6%	3,225,838	22.0%	13,238,786	47.5%	3,229,176	24.4%	11,417,678	78.0%	14,646,854	52.5%
Sudbury	2,318,396	65.8%	333,193	10.3%	2,651,589	39.3%	1,207,209	34.2%	2,892,454	89.7%	4,099,663	60.7%
Hanover	1,436,628	69.0%	928,769	19.8%	2,365,396	34.9%	643,939	31.0%	3,761,026	80.2%	4,404,965	65.1%
Belleville	1,068,561	67.1%	343,256	15.2%	1,411,816	36.7%	524,499	32.9%	1,914,488	84.8%	2,438,988	63.3%
Woodstock	1,120,573	72.4%	538,432	18.3%	1,659,005	36.9%	427,496	27.6%	2,407,709	81.7%	2,835,204	63.1%
Dresden	1,004,764	76.7%	859,819	20.5%	1,864,583	33.9%	304,932	23.3%	3,337,010	79.5%	3,641,942	66.1%
Clinton	322,657	58.9%	260,484	13.6%	583,141	23.7%	224,842	41.1%	1,649,171	86.4%	1,874,012	76.3%
Total Supervised	95,910,438	77.8%	112,721,444	26.2%	208,631,882	37.7%	27,338,232	22.2%	317,672,972	73.8%	345,011,204	62.3%
Unsupervised	0	0	0	0	0	0	0	0	100,236		100,236	100.0%
Total SB	95,910,438	77.8%	112,721,444	26.2%	208,631,882	37.7%	27,338,232	22.2%	317,773,208	73.8%	345,111,440	62.3%
Grand Total	477,933,488	70.2%	117,583,112	26.4%	595,516,599	52.9%	203,018,914	29.8%	327,087,730	73.6%	530,106,644	47.1%

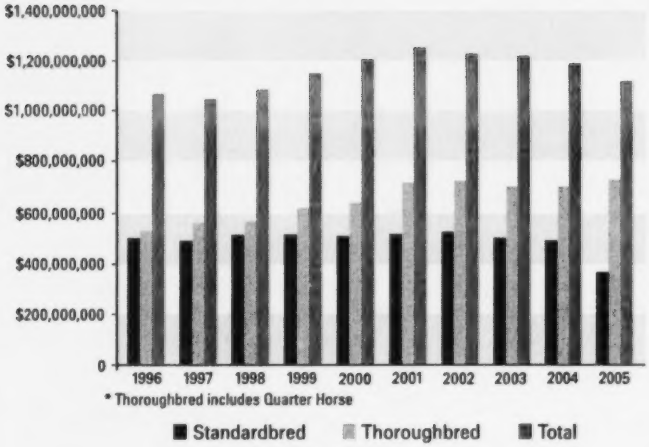
10 YEARS IN RACING

PROGRESS

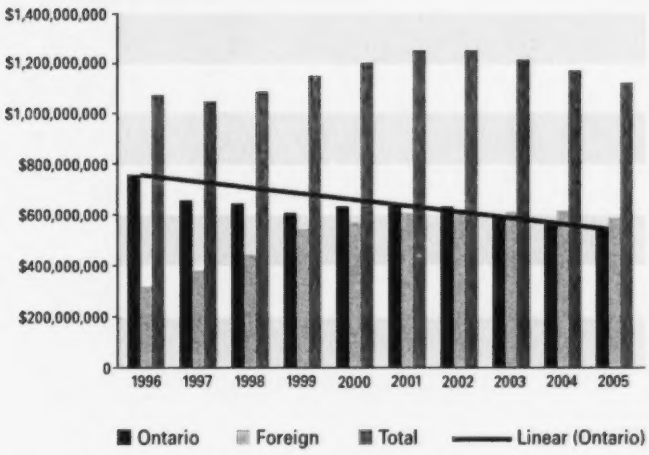
Year	Days Raced	Amount Wagered $	Provincial Tax $	Federal Levy $	Purse Distribution $
Thoroughbred					
1996	295	569,659,968	44,831,638	5,282,436	47,496,127
1997	278	553,407,902	2,767,039	4,424,817	42,325,856
1998	246	564,056,502	2,820,282	4,510,285	44,914,580
1999	272	636,422,948	3,182,114	4,839,449	58,531,153
2000	267	676,304,806	3,381,524	5,404,992	86,141,250
2001	281	728,071,976	3,640,359	5,824,576	101,274,193
2002	282	731,486,875	3,661,863	5,844,315	111,556,530
2003	278	703,618,327	3,518,091	5,628,946	113,808,607
2004	248	680,323,837	3,406,397	5,433,577	98,680,710
2005	**268**	**730,868,944**	**3,322,943**	**5,104,600**	**98,123,937**
Quarter Horse					
1996	21	110,278	7,352	882	209,072
1997	20	98,321	491	786	164,832
1998	19	97,132	485	776	161,818
1999	19	100,061	500	800	169,188
2000	19	92,382	462	739	204,725
2001	20	102,862	514	823	246,600
2002	22	110,546	553	882	270,000
2003	27	139,872	699	1,119	313,819
2004	25	106,155	532	847	310,861
2005	**21**	**99,351**	**498**	**793**	**343,520**
Standardbred					
1996	1,215	501,662,083	41,910,793	5,343,692	78,676,848
1997	1,134	489,346,651	2,446,733	3,912,610	77,707,000
1998	1,216	523,637,389	2,618,186	4,187,087	81,193,564
1999	1,256	507,556,594	2,537,783	4,060,453	103,115,151
2000	1,321	516,615,809	2,583,079	4,132,926	141,426,121
2001	1,380	518,785,484	2,593,927	4,150,284	169,077,911
2002	1,411	512,352,949	2,565,646	4,092,103	189,043,494
2003	1,395	501,435,143	2,507,175	4,011,481	184,858,676
2004	1,437	496,580,496	2,486,881	3,965,410	190,278,011
2005	**1,442**	**394,675,835**	**2,314,967**	**3,553,865**	**181,915,738**

1996: The Race Tracks Tax was reduced from 7% (9% on triactors) to 0.5% effective September 30, 1996.
Note: Wagering statistics only include betting transactions in the Province of Ontario.
Betting transactions made in other jurisdictions on Ontario product are not included in these figures.

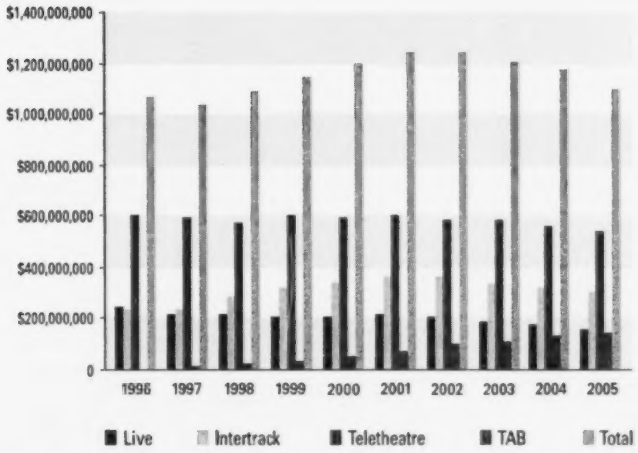
Ontario Wagering Statistics



How is Ontario product doing?



How and where are people betting?

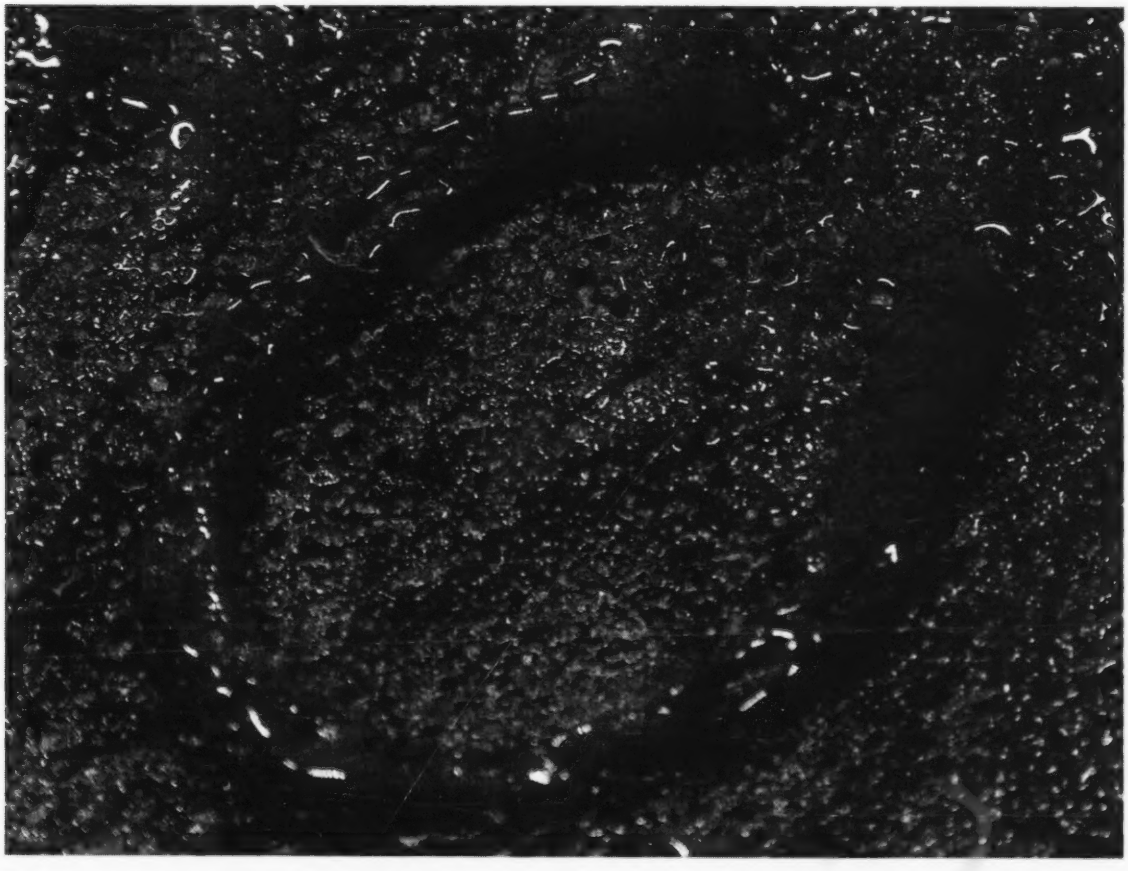


Intertrack Wagering

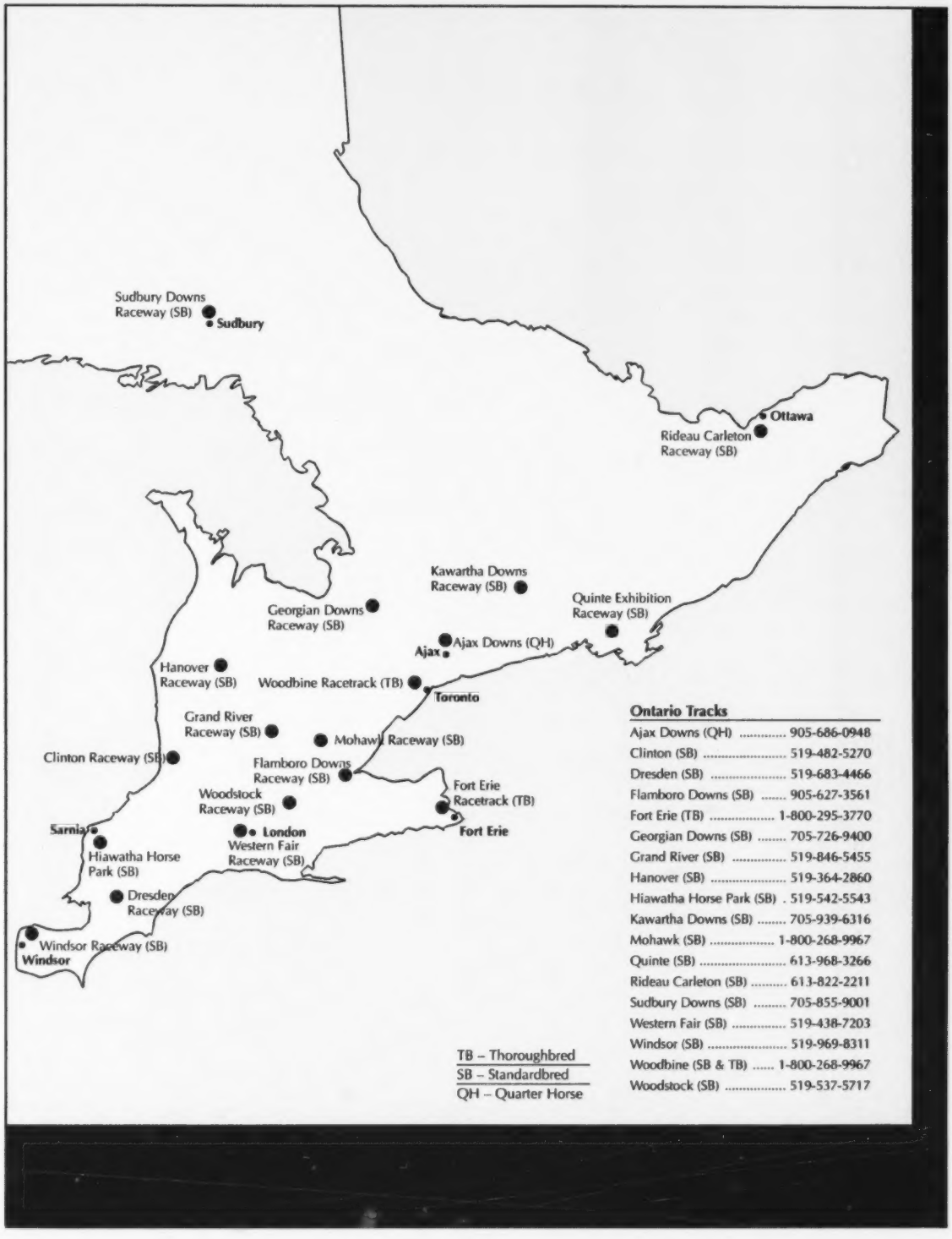
	Thoroughbred Product			Standardbred Product			Total Wagering $		
Track	2005	2004	+/-	2005	2004	+/-	2005	2004	+/-
Thoroughbred									
Woodbine	101,363,954	111,021,616	-8.7%	0	0		101,363,954	111,021,616	-8.7%
Fort Erie	11,902,117	13,386,223	-11.1%	2,800,532	2,500,391	0	14,702,649	15,886,615	-7.5%
Total TB	113,266,071	124,407,840	-9.0%	2,800,532	2,500,391	0	116,066,603	126,908,231	-8.5%
Quarter Horse									
Picov	175,991	217,886	-19.2%	0.00	0.00		175,991	217,886	-19.2%
Total QH	175,991	217,886	-19.2%	0.00	0.00		175,991	217,886	-19.2%
Standardbred									
Woodbine	18,973,820	20,491,545	-7.4%	41,236,194	44,955,542	-8.3%	60,210,014	65,447,087	-8.0%
Mohawk	7,463,085	7,400,975	0.8%	7,312,866	7,368,117	-0.7%	14,775,950	14,769,092	0.0%
Total WEG	26,436,905	27,892,520	-5.2%	48,549,060	52,323,659	-7.2%	74,985,965	80,216,179	-6.5%
Flamboro	7,441,475	6,906,433	7.7%	6,250,566	5,775,857	8.2%	13,692,041	12,682,290	8.0%
Rideau	3,533,761	4,234,748	-16.6%	4,832,204	4,886,892	-1.1%	8,365,964	9,121,640	-8.3%
Windsor	11,181,269	14,161,135	-21.0%	11,825,404	13,711,278	-13.8%	23,006,673	27,872,413	-17.5%
Georgian	7,150,622	7,083,673	0.9%	5,391,705	5,512,730	-2.2%	12,542,327	12,596,403	-0.4%
Western Fair	6,735,855	7,525,449	-10.5%	11,979,713	13,272,487	-9.7%	18,715,568	20,797,936	-10.0%
Kawartha	717,464	723,980	-0.9%	1,774,763	2,124,250	-16.5%	2,492,227	2,848,230	-12.5%
Hiawatha	1,859,714	2,015,256	-7.7%	3,272,266	3,648,396	-10.3%	5,131,980	5,663,652	-9.4%
Grand River	2,365,018	2,023,928	16.9%	2,697,746	2,760,827	-2.3%	5,062,764	4,784,755	5.8%
Sudbury	390,890	617,218	-36.7%	366,805	635,531	-42.3%	757,695	1,252,749	-39.5%
Hanover	1,167,976	997,679	17.1%	1,977,826	1,929,292	2.5%	3,145,802	2,926,971	7.5%
Quinte	1,184,114	1,167,426	1.4%	1,403,994	1,385,455	1.3%	2,588,108	2,552,881	1.4%
Woodstock	1,467,461	1,656,199	-11.4%	2,352,714	2,624,104	-10.3%	3,820,175	4,280,303	-10.7%
Dresden	763,261	650,587	17.3%	2,007,259	1,741,089	15.3%	2,770,520	2,391,676	15.8%
Clinton	437,838	515,697	-15.1%	1,225,989	1,304,145	-6.0%	1,663,827	1,819,842	-8.6%
Total SB	72,833,622	78,171,928	-6.8%	105,908,013	113,635,991	-6.8%	178,741,636	191,807,919	-6.8%
Grand Total	186,275,684	202,797,654	-8.1%	108,708,546	116,136,382	-6.4%	294,984,230	318,934,036	-7.5%

Teletheatre Wagering

	Thoroughbred Product			Standardbred Product			Total Wagering $		
Track	2005	2004	+/-	2005	2004	+/-	2005	2004	+/-
Woodbine Entertainment	271,091,163	278,284,126	-2.6%	139,262,198	143,612,646	-3.0%	410,353,361	421,896,772	-2.7%
Fort Erie	20,514,702	20,862,367	-1.7%	10,754,420	10,447,570	2.9%	31,269,122	31,309,937	-0.1%
Flamboro Downs	10,441,927	14,051,740	-25.7%	11,440,589	14,730,681	-22.3%	21,882,516	28,782,421	-24.0%
Ontario Teletheatre Network	10,607,464	11,096,793	-4.4%	10,837,228	11,370,641	-4.7%	21,444,692	22,467,434	-4.6%
Rideau Carleton	6,356,154	6,316,561	0.6%	12,221,365	11,767,553	3.9%	18,577,519	18,084,114	2.7%
Sudbury Downs	3,134,715	6,888,527	-54.5%	2,224,606	5,098,374	-56.4%	5,359,321	11,986,901	-55.3%
Georgian Downs(Barrie) Hub	5,346,492	5,759,938	-7.2%	4,467,784	4,458,146	0.2%	9,814,275	10,218,083	-4.0%
Kawartha Downs	2,131,276	2,897,069	-26.4%	3,349,172	4,095,352	-18.2%	5,480,448	6,992,421	-21.6%
Dresden	479,942	1,516,067	-68.3%	1,168,293	2,660,196	-56.1%	1,648,235	4,176,263	-60.5%
Windsor	126,881	140,879	-9.9%	1,210,786	1,059,228	14.3%	1,337,667	1,200,107	11.5%
Western Fair	1	22	-97.1%	55,420	64,233	-13.7%	55,421	64,255	-13.7%
Grand Total - All Teletheatres	330,230,717	347,814,089	-5.1%	196,991,861	209,364,619	-5.9%	527,222,579	557,178,708	-5.4%



ONTARIO RACETRACKS



Ontario Tracks

Ajax Downs (QH)	905-686-0948
Clinton (SB)	519-482-5270
Dresden (SB)	519-683-4466
Flamboro Downs (SB)	905-627-3561
Fort Erie (TB)	1-800-295-3770
Georgian Downs (SB)	705-726-9400
Grand River (SB)	519-846-5455
Hanover (SB)	519-364-2860
Hiawatha Horse Park (SB)	519-542-5543
Kawartha Downs (SB)	705-939-6316
Mohawk (SB)	1-800-268-9967
Quinte (SB)	613-968-3266
Rideau Carleton (SB)	613-822-2211
Sudbury Downs (SB)	705-855-9001
Western Fair (SB)	519-438-7203
Windsor (SB)	519-969-8311
Woodbine (SB & TB)	1-800-268-9967
Woodstock (SB)	519-537-5717

ORC OFFICES

HEAD OFFICE

Ontario Racing Commission
Suite 400
10 Carlson Court
Toronto, Ontario M9W 6L2

(416) 213-0520
(416) 213-7828 FAX
inquiry@ontarioracingcommission.ca

Hours of operation
8:30 a.m. to 5:00 p.m. Monday through Friday

THOROUGHBRED ORC OFFICES

Fort Erie Racetrack, Fort Erie
(905) 871-3200 ext. 3612
8:30 p.m. to 2:00 p.m. on live race dates

Woodbine Racetrack, Toronto
(416) 675-3993 ext. 2237
8:30 a.m. to 2:30 p.m. Thursday through Sunday
8:30 a.m. to 6:00 p.m. Wednesdays

STANDARDBRED ORC OFFICES

Clinton Raceway, Clinton
(519) 482-5270 ask for the ORC office
11:30 a.m. to 2:30 p.m. on live race dates, except
3:00 p.m. – 6:00 p.m. on July 1, Sept. 1 & 2, 2006

Dresden Raceway, Dresden
(519) 683-4466 and ask for the ORC office
11:00 a.m. to 2:00 p.m. on live race dates, except
2:30 p.m. to 5:30 p.m. on August 4, 2006

Flamboro Downs, Dundas
(905) 627-3561 ext. 261
2:00 p.m. to 6:00 p.m. Wednesday through Saturday
4:00 p.m. to 8:00 p.m. Sundays

Georgian Downs, Innisfil
(705) 726-9400 ext. 406
5:00 p.m. to 9:00 p.m. on live race dates

Grand River Raceway, Elora
(519) 846-5455 and ask for ORC office
4:00 p.m. to 8:00 p.m. on live race dates

Hanover Raceway, Hanover
(519) 364-2860 and ask for the ORC office
4:00 p.m. to 8:00 p.m. on live race dates

Hiawatha Horse Park, Sarnia
(519) 542-5543 and ask for ORC office
5:00 p.m. to 8:00 p.m. on live race dates, except
4:00 p.m. to 7:00 p.m. on July 3, 2006

Kawartha Downs, Fraserville
(705) 939-6316 and ask for the ORC office
1:00 p.m. to 5:00 p.m. on live afternoon race dates (Tuesdays)
4:00 p.m. to 8:00 p.m. on live night race dates (Thursdays)
4:00 p.m. to 8:00 p.m. on July 1, 2006

Mohawk Raceway, Campbellville
(905) 854-2255 ext 4311
4:30 p.m. to 8:30 p.m. on live race dates
8:30 a.m. to 11:30 a.m. during qualifiers

Quinte Exhibition & Raceway, Belleville
(613) 968-3266 and ask for ORC office
4:00 p.m. to 7:30 p.m. on live race dates

Rideau Carleton Raceway, Ottawa
(613) 822-2211 ext. 355
4:30 p.m. to 8:30 p.m. on live night race dates, except
2:30 p.m. to 6:30 p.m. on July 3, 10, 17, 24, 31, 2006
11:00 a.m. to 3:00 p.m. on Sept. 4, Oct. 9, & Dec. 26, 2006

Sudbury Downs, Chelmsford
(705) 855-9001 and ask for ORC office
4:30 p.m. to 8:30 p.m. on live race dates, except
11:00 a.m. to 3:00 p.m. Sunday, August 6, 2006
4:00 p.m. to 8:00 p.m. Sunday, December 31, 2006

Western Fair Raceway, London
(519) 438-7203 Ext. 511
5:00 p.m. to 8:30 p.m. on live night race dates
1:30 p.m. to 5:00 p.m. on live afternoon race dates

Windsor Raceway, Windsor
(519) 969-8311 ext. 311
9:00 a.m. to 11:00 a.m. on qualifiers
4:00 p.m. to 8:00 p.m. on live race dates

Woodbine Racetrack, Toronto
(416) 675-3993 Ext 2641 or 1-800-268-9967
(toll free in Ontario)
Winter hours:
11:00 a.m. – 2:00 p.m. Sundays
4:30 p.m. – 8:30 p.m. on live race dates

Woodstock Raceway, Woodstock
(519) 537-8212 leave message for ORC agent
11:00 a.m. to 2:00 p.m. on live afternoon race dates (Saturdays)
2:00 p.m. to 5:00 p.m. on live night race dates (Tuesdays)

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